



Betty Folsom, President
Anthony Herda, Vice-President
Kenneth J. McLaughlin, Director
Lupe R. Nava, Director
Bart Moreno, Director

COMMUNITY SERVICES DISTRICT

Proudly serving Jurupa Valley and Eastvale

11201 Harrel Street, Jurupa Valley, CA 91752
(951) 685-7434 * FAX (951) 727-3501

**REGULAR MEETING OF THE
FINANCE AND ADMINISTRATION COMMITTEE**

Anthony Herda, Board Vice President
Bart Moreno, Board Director
Alternate: Lupe R. Nava, Board Director

**January 9, 2025
4:00 p.m.**

Meeting Location:
The Desi House
13215 Altfillisch Ct.
Eastvale, CA 92880

CALL TO ORDER

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Members of the public may address the Committee at this time on any agenda matter only. Please complete a Comment Card and give it to the Secretary. Comments are limited to three (3) minutes per individual. State your name and address for the record before making your presentation. This request is optional, but very helpful for the follow-up process.

Under the provisions of the Brown Act, the Committee is prohibited from taking action on oral requests. However, Committee Members may respond briefly or refer the communication to staff. The Committee may also request the Secretary to calendar an item related to your communication at a future Committee meeting.

ADDITIONS TO THE AGENDA

In accordance with Section 54954.2 of the Government Code (Brown Act), additions to the agenda require a two-thirds vote of the entire Board, or, if fewer than two-thirds of the members are present, a unanimous vote of those members present, making findings that there is a need to take immediate action and that the need for action came to the attention of the District subsequent to the posting of the agenda.

A. COMMITTEE ORGANIZATION

1. Election of Officers

Election of Committee Chair and Vice-Chair

2. Committee Meeting Schedule

Reaffirmation of meeting day and time.

B. MINUTES

Minutes of the November 7, 2024 Regular Finance and Administration Committee meeting.

Staff Recommendation:

That the Finance and Administration Committee review and approve the November 7, 2024 Regular Minutes as written.

C. INFORMATION ITEMS

1. Annual Unclaimed Property Update

Staff Recommendation:

That the Finance and Administration Committee accept and forward a recommendation to the Board of Directors to receive and file this update regarding the Unclaimed Property Funds.

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D. ACTION/DISCUSSION ITEMS:

**1. Resolution Nos. 3456 and 3457
Initiation of Proceedings for Form Proposed Community Facilities District
No. 60 (Tract No. 38888)**

Legal Counsel and Staff Recommendation:

That the Finance and Administration Committee forward a recommendation to the Board of Directors to adopt the following as written:

1. Resolution No. 3456, the Resolution of Intention to establish Community Facilities District No. 60 (Tract No. 38888); and
2. Resolution No. 3457, declaring the necessity for the proposed Community Facilities District No. 60 (Tract No. 38888) to incur a bonded indebtedness in an amount not to exceed \$3,000,000 to finance the design, construction, acquisition, and water and sewer system facilities for the proposed residential development within the proposed district.

**2. Resolution No. 3458
Acceptance of Dedication of Sendero Park Parcels**

Staff Recommendation:

That the Finance and Administration Committee forwards a recommendation to the Board of Directors to adopt the following Resolution No. 3458 – Approving the Donation Agreements for Property Located Within Existing District Parks, as written.

**3. Resolution No. 3460
General Manager Authority for Claims Filed Against the District**

Legal Counsel and Staff Recommendation:

That the Finance and Administration Committee forward a recommendation to the Board of Directors to adopt Resolution No. 3460 superseding Resolution No. 2594, delegating authority to the General Manager to dispose of certain claims filed against the District.

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4. Discussion on Revised Procurement Policy No. 2006-02

Staff Recommendation:

That the Finance and Administration Committee forward a recommendation to the Board of Directors to approve the revised Procurement Policy No. 2006-02.

E. STAFF COMMENTS

F. COMMITTEE MEMBER COMMENTS

ADJOURNMENT

The next regular meeting of the Jurupa Community Services District Finance and Administration Committee is scheduled for February 6, 2025, at 3:30 p.m. at The Desi House, located at 13215 Altfillisch Ct., Eastvale, CA 92880.

Any person with a disability who requires accommodations in order to participate in this meeting or package materials in an alternative format should telephone Board Secretary Maria E. Ayala at (951) 727-3528 at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation. Copies of records provided to Committee Members which relate to any agenda item to be discussed in open session may be obtained from the District at the address indicated on the agenda.
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DECLARATION OF POSTING

I, Maria E. Ayala, Board Secretary to the Jurupa Community Services District, certify that a copy of this agenda has been posted by 5:30 p.m. in the District's main office, 11201 Harrel Street, Jurupa Valley, and The Desi House, 13215 Altfillisch Ct, Eastvale, CA 92880 on December 30, 2024.

/s/_____

Maria E. Ayala
Secretary to the Board of Directors

**FINANCE AND ADMINISTRATION COMMITTEE MINUTES
JURUPA COMMUNITY SERVICES DISTRICT**

November 7, 2024

The Finance and Administration Committee Meeting of Jurupa Community Services District was held at 13215 Altfillisch Ct., Eastvale, on November 7, 2024 at 4:00 p.m.

Directors Present: Bart Moreno, Chair and President
Betty Folsom, Vice President

Directors Absent: None

Staff Present: Steve Popelar, Director of Finance & Administration
Sharmeen Bhojani, Human Resources Manager
Rebekah Walker, Senior Administrative Assistant
Vanessa Martinez, Finance Manager
Moises Leandro, Accounting Supervisor

Visitors: Paul Kaymark, Partner at Nigro & Nigro, PC

Public Comments

No public comments.

A. MINUTES

The Minutes of the October 10, 2024, regular Finance and Administration Committee meeting were approved, as written.

B. INFORMATION ITEMS

1. Fiscal Year 2025-27 Biennial Budget Calendar

Finance Manager Martinez presented the staff report.

The Committee had no questions.

The Committee reached a consensus to forward this item to the Board as an Information Item.

C. ACTION/DISCUSSION ITEMS

1. District's Annual Workers' Compensation Insurance Renewal

Human Resources Manager Bhojani presented the staff report.

The Committee had no questions.

The Committee reached a consensus to forward a recommendation to the Board of Directors to:

1. Approve the annual renewal for the workers' compensation insurance; and
2. Authorize the General Manager to accept the proposal by HUB International Insurance Services, Inc. dated October 21, 2024.

2. Review and Discussion of Audited Draft Annual Comprehensive Financial Report for the Fiscal Year (FY) Ended June 30, 2024

Accounting Supervisor Leandro presented the staff report, introducing Mr. Kaymark to update the Committee on the services provided by Nigro & Nigro, PC.

Accounting Supervisor Leandro also presented a Power Point presentation, informing the Committee on the Audited Draft Annual Comprehensive Financial Report.

The Committee had no questions.

The Committee reached a consensus to forward a recommendation to the Board of Directors to accept and file the FY 2023-24 Audited Annual Comprehensive Financial Report.

D. STAFF COMMENTS

Director of Finance and Administration Popelar spoke to the IT/SCADA Master Plan which will be presented at the November 12, 2024 Board meeting as well as updating the Committee on the Contract Management software which will come before the Committee in the near future.

E. Committee Member Comments

No comments provided.

Finance and Administration Committee Minutes

November 7, 2024

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Adjournment: There being no further business to come before the Committee Members, the meeting was adjourned at 4:50 p.m.

Committee Chair
Finance and Administration Committee

Maria E. Ayala
Secretary to the Board of Directors



To: Finance and Administration Committee

From: Finance and Administration Department

Date: January 09, 2025

Subject: Information Item No. 1
Annual Unclaimed Property Update

Staff Recommendation:

That the Finance and Administration Committee accept and forward a recommendation to the Board of Directors to receive and file this update regarding the Unclaimed Property Funds.

Background:

The Board has previously adopted an Unclaimed Property Policy. It establishes procedures for staff to meet the provisions of Government Code Sections 50050 through 50056. These Government Code Sections allow the District to make unclaimed monies (uncashed checks) available for general use after the monies have remained unclaimed on the District's books for a period of one year if less than \$15 or over three years unclaimed and more than \$15. The District has accumulated these monies primarily due to refunds related to the closing of customer water accounts and park deposit refunds. These amounts remain outstanding due to undeliverable mail, customers relocating out of the District, business closings and other reasons.

Discussion:

On December 6, and 13, 2024, a list of calendar year (CY) 2021 stale-dated checks totaling \$1,069 was published in The Press-Enterprise. As a result of this publication, as well as reaching out to those parties that could be contacted by mail and phone, staff attempted to resolve and issue new checks to replace the stale checks. Per Section 50051 of the Government Code, "The notice shall state the amount of money, the fund in which it is held, and that it is proposed that the money will become property of the local agency on a designated date not less than forty-five days nor more than sixty days after the first publication of the notice." The notification period has now passed, and the remaining funds from checks that staff has been unable to resolve will go back to the District, and the checks will be removed from the stale-dated check list based on the policy criteria.

Staff performs this publication annually to resolve the stale-dated checks that are left uncashed.

Strategic Plan Applicability:

The item above pertains to “Finance – #4 Strategy” in the adopted JCSD Strategic Plan. The Board action ties to Tactic #4.1 – Encourage flexibility and customer-centric policies to allow staff to meet the varying needs of JCSD’s customers while providing high-quality, fair, and equitable services.

Criteria Framework has been met by:

1. This policy is done in the best interests of our customers.
2. This policy supports the Board’s ability to govern openly, which supports District policies regarding best management and business practices.

Budget Impact:

In accordance with the unclaimed funds policy, the \$1,069 surplus funds from the unclaimed checks will be credited back to miscellaneous income, in account 100.00.4605

SP/ML/vt

Attachments: 1 – List of CY 2021 Stale-Dated Checks
2 – The Press-Enterprise Proof of Publication

EXHIBIT "A"

Jurupa Community Services District
 Unclaimed Property
 Stale Dated Checks
Calendar Year 2021

<u>Check #</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Property Owner</u>	<u>Description</u>
123436	12/08/20	119.93	Dan Watkins	Utility Refund
123916	01/26/21	50.00	Jim Peterson	Accounts Payable
124069	01/26/21	100.00	Sullivan Solar Power	Accounts Payable
124551	03/30/21	53.00	NIP Reed	Utility Refund
124877	04/27/21	439.02	Q Pec Inc.	Accounts Payable
124878	05/04/21	41.58	Erik Celestino	Utility Refund
126305	09/07/21	146.76	Sara Brittian	Utility Refund
126306	09/07/21	28.90	Jesus Cruz	Utility Refund
126617	10/05/21	40.00	Zuo Chao	Utility Refund
126776	10/12/21	50.00	My Norco Gym	Accounts Payable
	Total	\$ 1,069.19		

The Press-Enterprise

3512 14th Street
Riverside, CA 92501
Willoughby, OH 44096
951-368-9222
951-368-9018 FAX

Attachment 2

5209125

JURUPA COMM SERV DIST
11201 HARREL ST
MIRA LOMA, CA 91752

Publication: The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc: Notice of Disposition of / Accumulated
Unclaimed Property

FILE NO. Accumulated Unclaimed Property

PROOF OF PUBLICATION

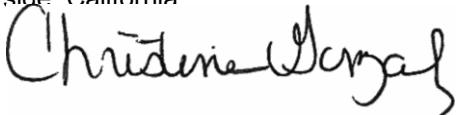
I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

12/06/2024, 12/13/2024

I certify (or declare) under penalty of perjury that the foregoing is true and correct:

Date: December 13, 2024.

At: Riverside, California



Legal Advertising Representative, The Press-Enterprise

Legal No. **0011704865**

Ad Copy:

JURUPA COMMUNITY SERVICES DISTRICT

**NOTICE OF DISPOSITION
OF ACCUMULATED
UNCLAIMED PROPERTY**

The Jurupa Community Services District (the "District") has accumulated on its books unclaimed money totaling \$1,069.19, as listed on Exhibit "A" attached hereto, which has remained unclaimed for at least three years. In accordance with Government Code sections 50050-50056, the District proposes to transfer these amounts from the general checking account to the general use portion of the originating fund of the original expense. This will take place on January 31, 2025.

Any claimant, as person, heir, beneficiary or duly-appointed representative who can substantiate a claim upon any portion of these funds must submit a claim in writing to the District before the above-mentioned date. The claim must include the claimant's name, address, amount of claim, proof of identity, and the grounds on which the claim is founded. Each claim will be reviewed and verified by the District prior to release of unclaimed money. Claims should be addressed to: Jurupa Community Services District, Attention: Accounting Department, 11201 Harrel Street, Jurupa Valley, CA 91752.

A claim form can be printed from the District's website at www.icsd.us. Type "unclaimed property" in the search field and the link for the Unclaimed Property Claim Form will be listed.

EXHIBIT "A"

Jurupa Community Services District
Unclaimed Property
Stale Dated Checks
Calendar Year 2021

<u>Check #</u>	<u>Date Issued</u>	<u>Amount</u>	<u>Property Owner</u>	<u>Description</u>
123436	12/08/20	119.93	Dan Watkins	Utility Refund
123916	01/26/21	50.00	Jim Peterson	Accounts Payable
124069	01/26/21	100.00	Sullivan Solar Power	Accounts Payable
124551	03/30/21	53.00	NIP Reed	Utility Refund
124877	04/27/21	439.02	Q Pec Inc.	Accounts Payable
124878	05/04/21	41.58	Erik Celestino	Utility Refund
126305	09/07/21	146.76	Sara Brittan	Utility Refund
126306	09/07/21	28.90	Jesus Cruz	Utility Refund
126617	10/05/21	40.00	Zuo Chao	Utility Refund
126776	10/12/21	50.00	My Norco Gym	Accounts Payable

Total \$ 1,069.19

Published The Press Enterprise Dec. 6, 13, 2024



COMMUNITY SERVICES DISTRICT

Proudly serving Jurupa Valley and Eastvale

To: Finance and Administration Committee

From: Finance and Administration Department

Date: January 9, 2025

Subject: Action/Discussion Item No. 1
Resolution Nos. 3456 and 3457
Initiation of Proceedings for Form Proposed Community Facilities District
No. 60 (Tract No. 38888)

Legal Counsel and Staff Recommendation:

That the Finance and Administration Committee forward a recommendation to the Board of Directors to adopt the following as written:

1. Resolution No. 3456, the Resolution of Intention to establish Community Facilities District No. 60 (Tract No. 38888); and
2. Resolution No. 3457, declaring the necessity for the proposed Community Facilities District No. 60 (Tract No. 38888) to incur a bonded indebtedness in an amount not to exceed \$3,000,000 to finance the design, construction, acquisition, and water and sewer system facilities for the proposed residential development within the proposed district.

Background:

The District received a request from Concord Associates, L.P., the owner of Riverside County Assessor's Parcel Nos. 163-400-001 and 163-400-052, and Warmington Residential California, Inc., to form Community Facilities District No. 60 to finance the public services and facilities described in Resolution Nos. 3456 and 3457.

Tract Map 38888 proposes 67 single-family residential homes at the southwest corner of Jurupa Road and Camino Real in the City of Jurupa Valley.

Discussion:

Approval of the Resolutions will initiate the establishment of the District. The final steps required for the formation of the District will occur after the public hearing, which is fixed pursuant to the Resolutions to occur on February 24, 2025. At the public hearing, the Board of Directors will be presented with information regarding the District, including the special taxes proposed to be levied, bonded indebtedness, and public services and facilities proposed to be provided. All interested persons will be given a chance to be heard.

The Resolution of Intention specifies that special taxes will be levied on all parcels of taxable property in the District to finance the services described therein. The rate and method of apportionment of the proposed special taxes that may be levied for these purposes are set forth in Exhibit A to the Resolution of Intention. The Resolution of Intention also schedules a public hearing on February 24, 2025, regarding the formation of the District, the proposed levy of special taxes, and the provision of public services and facilities therein.

The Resolution Declaring Necessity states the not-to-exceed amount of \$3,000,000 for bonds to be issued by the District. The Resolution Declaring Necessity also calls for a public hearing on the necessity of the District to incur a bonded indebtedness to be held on February 24, 2025. Such public hearing will be consolidated with the public hearing on the formation of the District noted above.

Strategic Plan Applicability:

The item above pertains to “Administration and Governance – #5 Strategy” in the adopted JCSD Strategic Plan. The Board action ties into Tactic #5.2 – Establish Community Facilities Districts and/or Assessment Districts to obtain the financial resources needed for infrastructure improvements.

The Criteria Framework has been met by:

1. These Resolutions support the District’s ability to build a stronger network of community partners and also support the District’s policies regarding best management and business practices.

Budget Impact:

There is no impact to the budget.

Action/Discussion Item No. 1
January 9, 2025
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SP/vt

Attachments: 1 – BB&K Memo
2 – Resolution No. 3456 - Intention
3 – Resolution No. 3457 – Necessity
4 – Map of CFD No. 60



Staff Memorandum

TO: Staff and Board of Directors of Jurupa Community Services District

FROM: Best Best & Krieger LLP

DATE: December 4, 2024

RE: Initiation of Proceedings to Form Community Facilities District No. 60 (Tract No. 38888) of Jurupa Community Services District

The Jurupa Community Services District has been approached by Concord Associates, L.P., a California limited partnership (the “Owner”), the owner of Riverside County Assessor’s Parcel Nos. 163-400-001 and 163-400-052 (the “Property”), and Warmington Residential California, Inc., a California corporation (the “Developer”), and are requesting formation of Community Facilities District No. 60 (the “District”), in order to finance the public services and facilities described in Resolution No. 3456 (the “Resolution of Intention”) and Resolution No. 3457 (the “Resolution Declaring Necessity,” together with the “Resolution of Intention” referred to as the “Resolutions”). The Property comprises all of the land to be included in the proposed District.

Approval of the Resolutions will initiate the establishment of the District. The final steps required for the formation of the District will occur after the public hearing, which is fixed pursuant to the Resolutions to occur on February 24, 2025. At the public hearing the Board of Directors will be presented with information regarding the District, including the special taxes proposed to be levied, bonded indebtedness, and public services and facilities proposed to be provided. All interested persons will be given a chance to be heard.

At its January 13, 2025 regular meeting the Board of Directors will consider adoption of the Resolutions.

The Resolution of Intention specifies that special taxes will be levied on all parcels of taxable property in the District in order to finance the services described therein. The rate and method of apportionment of the proposed special taxes that may be levied for these purposes are set forth in Exhibit A to the Resolution of Intention. The Resolution of Intention also schedules a public hearing on February 24, 2025, regarding the formation of the District, the proposed levy of special taxes, and the provision of public services and facilities therein.

The Resolution Declaring Necessity states the not-to-exceed amount of \$3,000,000 for bonds to be issued by the District. The Resolution Declaring Necessity also calls for a public hearing on the necessity of the District to incur a bonded indebtedness to be held on February 24, 2025. Such public hearing will be consolidated with the public hearing on the formation of the District noted above.

RESOLUTION NO. 3456**RESOLUTION OF THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT DECLARING ITS INTENTION TO ESTABLISH PROPOSED COMMUNITY FACILITIES DISTRICT NO. 60 (TRACT NO. 38888) OF JURUPA COMMUNITY SERVICES DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

WHEREAS, the Board of Directors (the “Board of Directors”) of Jurupa Community Services District (the “District”) has received a petition from the owner and developer of certain property in the District (the “Owner”) requesting that the Board of Directors conduct proceedings pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the “Mello-Roos Community Facilities Act of 1982,” for the formation of a community facilities district for the purposes of designing, constructing, acquiring and financing through the levy of special taxes and sale of bonds the construction and acquisition water system facilities, including capacity in existing facilities, and sewer system facilities, including capacity in existing facilities of the District, which are necessary to meet increased demands placed upon the District as a result of the development of said property (the “Facilities”), and that the proposed community facilities district be authorized to issue bonds and incur a bonded indebtedness for the purpose of financing such Facilities in the aggregate principal amount not to exceed \$3,000,000; and

WHEREAS, the Board of Directors has determined that it will be in the public interest and beneficial to the future residents of the proposed community facilities district that it be authorized to levy special taxes and incur bonded indebtedness to finance the Facilities; and

WHEREAS, having received such petition from the Owner, it is appropriate that the Board of Directors adopt a resolution of intention to establish the proposed community facilities district pursuant to Sections 53320 and 53321 of the California Government Code.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT AS FOLLOWS:

Section 1. Proposed Community Facilities District. A community facilities district is proposed to be established under the provisions of Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the “Mello-Roos Community Facilities Act of 1982.” The name proposed for the community facilities district is “Community Facilities District No. 60 (Tract No. 38888) of Jurupa Community Services District, County of Riverside, State of California.”

Section 2. Description and Map of Boundaries. The boundaries of the proposed community facilities district are described and shown on the map entitled "Proposed Boundary of Community Facilities District No. 60 (Tract No. 38888) of Jurupa Community Services District, County of Riverside, State of California" which is on file with the Secretary to the Board of Directors (the "Secretary"). Said map is approved and, pursuant to Section 3110 of the California Streets and Highways Code, the Secretary shall, after conforming with the other requirements of Section 3111 of said Code, record the original of said map in her office and shall file a copy of said boundary map with the County Recorder of the County of Riverside not later than fifteen (15) days prior to the date of the public hearing set forth in Section 9 hereof.

Section 3. Types of Facilities and Services; Incidental Expenses.

(a) The types of public Facilities proposed to be provided for and financed by the proposed community facilities district are water system facilities, including capacity in existing facilities of the District, and sewer system facilities, including capacity in existing facilities of the District; and

(b) The incidental expenses which will be incurred are: (i) the cost of planning and designing the Facilities and the cost of environmental evaluations thereof, (ii) all costs associated with the formation of the proposed community facilities district, the issuance of the bonds thereof, the determination of the amount of and collection of special taxes, the payment of special taxes, and costs otherwise incurred in order to carry out the authorized purposes of the community facilities district, and (iii) any other expenses incidental to the construction, completion, and inspection of the Facilities.

Section 4. Special Taxes. Except where funds are otherwise available, special taxes sufficient to pay for the Facilities and to pay the principal of and interest on the bonds of the proposed community facilities district and the annual administrative expenses of the District and the proposed community facilities district in determining, apportioning, levying and collecting such special taxes and in paying the principal of and interest on such bonds and the costs of registering, exchanging and transferring such bonds, secured by the recordation of a continuing lien against all taxable or nonexempt property in the proposed community facilities district, shall be annually levied within the proposed community facilities district.

All parcels of taxable property in the territory of the proposed community facilities district shall be subject to the annual levy of special taxes to pay the principal of and interest on the aggregate principal amount of the bonds of the proposed community facilities district which may be issued and sold to finance the design, construction and acquisition of the Facilities.

The rates and method of apportionment of special taxes to be levied on parcels of taxable property in the proposed community facilities district to pay the principal of and interest on the bonds of the proposed community facilities district which may be issued and sold to finance the Facilities and/or to pay or accumulate funds for paying the costs of the design, construction and acquisition of the Facilities, and such other

expenses and costs, shall be as set forth in Exhibit "A" attached hereto and by this reference made a part hereof.

The maximum amounts of special taxes which may be levied in any fiscal year on parcels within the proposed community facilities district which are used for private residential purposes ("Residential Property") are specified in dollar amounts in Exhibit "A" hereto. Special taxes shall not be levied on any Residential Property to pay the principal of and interest on outstanding bonds of the proposed community facilities district after the tax or fiscal year beginning on July 1, 2070 and ending on June 30, 2071, and that fiscal year shall be the last tax year in which special taxes shall be levied on Residential Property for such purpose. Under no circumstances shall the special taxes levied in any fiscal year on any parcel used for private residential purposes be increased as a consequence of delinquency or default in the payment of special taxes by the owner or owners of any other parcel or parcels within the proposed community facilities district by more than ten percent (10%) above the amount of the special tax that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The conditions under which the obligation to pay the special taxes may be prepaid and permanently satisfied are as set forth in Exhibit "A" hereto.

Pursuant to Section 53340 of the California Government Code, said special taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, that the District may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the proposed community facilities district.

Section 5. Exempt Properties. Pursuant to Section 53340 of the California Government Code and except as provided in Exhibit "A" and Section 53317.3 of said Code, properties of entities of the state, federal, and local governments shall be exempt from the levy of special taxes for the payment of the principal of and interest on the bonds of the proposed community facilities district.

Section 6. Necessity. The Board of Directors finds that the proposed Facilities described in Section 3 hereof are necessary to meet increased demands placed upon the District as a result of new development occurring within the boundaries of the proposed community facilities district.

Section 7. Repayment of Funds Advanced or Work-in-Kind. Pursuant to Section 53314.9 of the California Government Code, the Board of Directors proposes to accept advances of funds or work-in-kind from private persons or private entities and to provide, by resolution, for the use of those funds or that work-in-kind for any authorized purpose, including but not limited to, paying any costs incurred by the District in establishing the proposed community facilities district, and to enter into an agreement, by resolution, with the person or entity advancing the funds or work-in-kind to

repay funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the Board of Directors.

Section 8. Prohibition of Owner Contracts. Pursuant to Section 53329.5 of the California Government Code, the Board of Directors finds that the public interest will not be served by allowing the owners of property within the proposed community facilities district to enter into a contract in accordance with subdivision (a) of that section, and that such owners shall not be permitted to elect to perform the work and enter into a written contract with the District for the construction of the public facilities pursuant to said Section 53329.5.

Section 9. Hearing. A public hearing on the formation of the proposed community facilities district shall be held at 6:00 p.m. on February 24, 2025, in the meeting room of the Board of Directors at 11201 Harrel Street, Jurupa Valley, California.

Section 10 Notice. The Secretary shall publish a notice of the time and place of said hearing as required by Section 53322 of the California Government Code, and shall also give notice of the time and place of said hearing by first-class mail to each registered voter and to each landowner within the proposed community facilities district as prescribed by Section 53322.4 of said Code. Said notice shall be published at least seven (7) days and mailed at least fifteen (15) days before the date of the hearing, and shall contain the information required by said Section 53322. Additionally, the Secretary to the Board shall provide a copy of this Resolution to the City Council of the City of Jurupa Valley pursuant to Section 53315.6 of the Act.

Section 11. Report. The officers of the District who will be responsible for providing the proposed types of public facilities and services to be provided within and financed by the proposed community facilities district, if it is established, shall study the proposed community facilities district, and, at or before the time of said hearing, file a report with the Board of Directors containing a brief description of the public facilities by type which will in their opinion be required to adequately meet the needs of the proposed community facilities district, and their estimate of the fair and reasonable cost of providing those public facilities, and the incidental expenses to be incurred in connection therewith. Such report shall include a description and an estimate of the cost of the Facilities, which are proposed to be financed with the proceeds of the special taxes and sale of the bonds of the proposed community facilities district. Such report shall be made a part of the record of the hearing to be held pursuant to Section 9 hereof.

Section 12. Description of Voting Procedures. The voting procedures to be followed shall be pursuant to Section 53326 of the California Government Code and pursuant to the applicable provisions of the Elections Code.

ADOPTED this 13th day of January, 2025.

Betty Folsom
President of the Board of Directors

ATTEST:

Maria E. Ayala
Executive Services Manager/
Secretary to the Board of Directors

CERTIFICATION

I, Maria E. Ayala, Secretary to the Board of Directors of Jurupa Community Services District, certify that the foregoing resolution was adopted by the Board of Directors at a regular meeting held on the 13th day of January, 2025, by the following vote of the Directors:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Jurupa Community Services District this 13th day of January, 2025.

Maria E. Ayala
Executive Services Manager/
Secretary to the Board of Directors

EXHIBIT "A"

RATES AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 60 (TRACT NO. 38888) OF JURUPA COMMUNITY SERVICES DISTRICT

A Special Tax shall be applicable to each Parcel of Taxable Property located within the boundaries of Community Facilities District No. 60 (Tract No. 38888) of Jurupa Community Services District ("CFD No. 60"). The amount of Special Tax to be levied on a Parcel of Taxable Property in any Fiscal Year shall be determined by the Board of Directors of Jurupa Community Services District (hereinafter the "District") acting in its capacity as the legislative body of CFD No. 60 (hereinafter the "Board of Directors"), as provided in Sections B, C and D. All of the Taxable Property in CFD No. 60 shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means all ordinary and necessary costs and expenses of the District in administering CFD No. 60, as allowed by the Act, which shall include, without limitation, all costs and expenses arising out of or resulting from the annual levy and collection of the Special Tax and payment of debt service on the outstanding bonds of CFD No. 60, any litigation involving CFD No. 60, continuing disclosure undertakings of the District as imposed by applicable laws, regulations, and/or contractual obligations, communication with bondholders and normal administrative expenses (including any District overhead and salaries).

"Administrator" means the General Manager of the District, or his/her designee.

"Alternative Special Tax Rate" means with respect to Parcels of Developed Property classified as Residential Property the amount of \$3,288 per Parcel or an amount determined pursuant to Section I, if applicable.

"Appraisal" a report prepared by a MAI Certified Appraiser setting forth at least the minimum market value of Residential Units within each Land Use Classification of Residential Property.

"Assessor's Parcel Map" means an official map of the Assessor of the County of Riverside designating parcels by Assessor's Parcel Numbers.

"Assessor's Parcel Number" means that identification number assigned to a parcel by the County Assessor of the County.

"Board of Directors" means the Board of Directors of the District.

“CFD No. 60” means Community Facilities District No. 60 (Tract No. 38888) of the District.

“Church Property” means all property which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been developed or has been approved by the County or the City for development for use as a church sanctuary, synagogue or other such place of worship, which may or may not include associated buildings which are to be used for religious educational purposes, and which is exempt from taxation pursuant to Section 214 of the Revenue and Taxation Code of the State of California.

“City” means the City of Jurupa Valley, California.

“Contingency Reserve” means a reserve to be established, replenished and maintained for the District in an amount equal to ten percent (10%) of the estimated costs of providing the Services for any Fiscal Year to provide for the payment of unexpected costs which may be incurred in the Fiscal Year.

“County” means the County of Riverside, California.

“Debt Service and Facilities Special Tax Requirement” means the amount required in any Fiscal Year after taking into consideration available funds pursuant to the bond indenture: (1) to pay principal of and interest on all outstanding bonds of CFD No. 60 (2) to pay Administrative Expenses attributable to such bonds and the levy and collection of the Special Taxes, (3) to pay costs of credit enhancement for such bonds and any amount required to be rebated to the United States with respect to such bonds, (4) to replenish the reserve fund for such bonds, and (5) to provide any amounts which the Board of Directors determines are necessary to pay the costs of the provision, construction and acquisition of the Facilities and/or to accumulate funds therefor.

“Developed Property” means, for each Fiscal Year, for purposes of the levy of Special Taxes to satisfy the Debt Service and Facilities Special Tax Requirement, all Parcels of Residential Property and Non-Residential Property for which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, a building permit has been issued that allows residential dwelling units or non-residential buildings to be constructed.

“District” means Jurupa Community Services District.

“Exempt Property” means property that is exempt from the levy of the Special Tax pursuant to the Act or Section E below.

“Facilities” means: (a) water system facilities, including capacity in existing facilities, and sewer system facilities, including capacity in existing facilities and sewage treatment and disposal capacity and (b) any other improvements or facilities designated by the District, with an estimated useful life of five (5) years or longer, which are eligible for financing under the Act.

“Fiscal Year” means the period from and including July 1 of any year to and including the following June 30.

“Land Use Classification” means any of the classes listed in Table 1 under Section C below.

“Land Use Regulations” means the General Plan, Community Plan, Zoning Ordinance, any Specific Plan, and any other applicable land use regulations of the County or the City, or any successor agency.

“MAI Certified Appraiser” or **“Appraiser”** means a certified appraiser and member of the Appraisal Institute who has met strict testing, standards and experience requirements.

“Maximum Special Tax for Debt Service and Facilities” means the maximum amount of Special Tax, determined pursuant to Section C that can be levied by the Board of Directors in any Fiscal Year on a Parcel of Taxable Property to satisfy the Debt Service and Facilities Special Tax Requirement.

“Minimum Sale Price” means the minimum price at which Residential Units of a given Land Use Classification have sold or are expected to be sold in a normal marketing environment and shall not include prices for such Residential Units that are sold at a discount to expected sales prices for the purpose of stimulating the initial sales activity with respect to such Land Use Classification.

“Net Acre or Acreage” means the land area of a Parcel as shown on an Assessor's Parcel Map, or if the land area of a Parcel is not shown on such a map, the land area shown on or calculated based on the applicable recorded final map, recorded parcel map or other recorded County parcel map.

“Non-Residential Property” means for purposes of the levy of Special Taxes to satisfy the Debt Service and Facilities Special Tax Requirement, all Parcels of Developed Property for which, as of March 1 proceeding the Fiscal Year for which the Special Tax is being levied, a building permit has been issued for the purpose of constructing a non-residential building or upon which such a building has been constructed.

“Parcel” means a lot or parcel which, or any portion of which, is located within the boundaries of CFD No. 60 and which is shown on the then current applicable Assessor's Parcel Map(s) with an assigned Assessor's Parcel Number.

“Park and Open Space Property” means all property that, as of March 1 of the Fiscal Year preceding the Fiscal Year for which the Special Tax is being levied, has been developed or has been approved by the County or the City for development for active park or open space uses, conveyed to and controlled by a public agency, as specified in the Land Use Regulations.

“Price Point Consultant” means any consultant or firm of such consultants selected by CFD No. 60 that (a) has substantial experience in performing price point studies for residential units within community facilities districts established under the Act or otherwise estimating or confirming pricing for residential units in such community facilities districts, (b) has recognized expertise in analyzing economic and real estate data that relates to the pricing of residential units in such community facilities districts, (c) is in fact independent and not under the control of CFD No. 60 or the District, (d) does not have any substantial interest, direct or indirect, with or in (i) CFD No.

60, (ii) the District, (iii) any owner of real property in CFD No. 60, or (iv) any real property in CFD No. 60, and (e) is not connected with CFD No. 60 or the District as an officer or employee thereof, but who may be regularly retained to make reports to CFD No. 60 or the District.

“Price Point Study” means a price point study or a letter updating a previous price point study prepared by the Price Point Consultant pursuant to Section C herein.

“Property Owners’ Association Property” means all property that, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated or irrevocably offered for dedication to a property owners’ association for recreational or open-space use, as specified in the Land Use Regulations.

“Public School Property” means all property that, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, has been conveyed, dedicated, or irrevocably offered for dedication or leased for a term of ten (10) years or more to a public agency for the purpose of providing public school facilities, as specified in the Land Use Regulations, and that is exempt from general ad valorem taxation.

“Residential Property” means for each Fiscal Year, for the purpose of the levy of Special Taxes to satisfy the Debt Service and Facilities Special Tax Requirement, all Parcels of Developed Property for which, as of March 1 preceding the Fiscal Year for which the Special Tax is being levied, a building permit has been issued for purposes of constructing one or more residential dwelling units or upon which a residential dwelling unit has been constructed.

“Residential Floor Area” means all of the square footage of living area of a residential structure, not including any carport, walkway, garage, overhang, patio, enclosed patio or similar area, on a Parcel. The determination of Residential Floor Area shall be made by reference to the building permit(s) for the Parcel.

“Residential Unit” means each separate residential dwelling unit that comprises an independent facility capable of conveyance or rental, separate from adjacent residential dwelling units.

“Special Tax(es)” means the Special Tax to be levied, in each Fiscal Year, on all Parcels of Taxable Property in CFD No. 60, pursuant to Sections B, C and D, to fund the Debt Service and Facilities Special Tax Requirement.

“Table 1” means Table 1 contained in Section C.

“Taxable Property” means all Parcels that are not exempt from the levy of Special Taxes pursuant to the Act or Section E.

“Total Tax Burden” means for any Residential Unit, the annual Special Tax, together with ad valorem property taxes, special assessments, special taxes for any overlapping community facilities district, and any other taxes, fees, and charges which are levied and imposed on such Residential Unit and the real property on which it is located and collected by the County on ad valorem tax bills and which are secured by such Residential Unit and the real property on which

it is located, assuming such Residential Unit had been completed, sold, and subject to such levies and impositions, excluding PACE Charges (or any other charge entered into voluntarily by the property owner) and service charges such as those related to sewer and trash.

“Undeveloped Property” means all Parcels of Taxable Property that are not categorized as Developed Property.

B. ASSIGNMENT TO DEVELOPMENT CATEGORIES AND RESIDENTIAL SIZE CLASSIFICATIONS

For each Fiscal Year, commencing with the Fiscal Year that begins in the calendar year in which the Board of Directors determines that the levy of the Special Taxes shall commence, each Parcel of Taxable Property shall be categorized as either Developed Property or Undeveloped Property. Parcels of Developed Property shall further be categorized as Residential Property or Non-Residential Property.

For the purpose of the levy of Special Taxes to satisfy the Debt Service and Facilities Special Tax Requirement, all Parcels of Residential Property shall be assigned to the applicable land use classification set forth in Table 1, based on the Residential Floor Area of the residential structure located on or to be constructed on the Parcel.

Determinations of the appropriate development category for each Parcel and the residential size classification for each Parcel of Residential Property shall be made by the Administrator, and shall be based upon a review of the Land Use Regulations and the building permit(s) applicable to each Parcel. All Parcels of Taxable Property shall be subject to the levy of the Special Tax based on the Maximum Special Tax for Debt Service and Facilities, determined as provided in Section C, and in accordance with the method of apportionment set forth in Section D.

C. MAXIMUM SPECIAL TAX

1. The Maximum Special Tax for Debt Service and Facilities for a Parcel of Developed Property categorized as Residential Property shall be the greater of: (i) the applicable amount set forth in Table 1 or (ii) the Alternative Special Tax Rate. The Maximum Special Tax for Debt Service and Facilities for a Parcel of Developed Property categorized as Non-Residential Property shall be the amount determined by multiplying the Net Acreage of the Parcel by the amount set forth in Table 1. The Maximum Special Tax for Debt Service and Facilities for a Parcel of Undeveloped Property shall be the amount determined by multiplying the Net Acreage of the Parcel by \$51,044 per Net Acre.

Table 1
Special Tax Amounts for Debt Service and Facilities for Developed Property
CFD No. 60

Taxable Property	Land Use Classification (Residential Floor Area)	Special Tax for Debt Service and Facilities
Residential Property	Less than 1,850 SF	\$3,185 per Parcel
Residential Property	Greater than or equal to 1,850 SF	\$3,335 per Parcel
Non-Residential Property	N/A	\$51,044 per Net Acre

The abbreviation “SF” in Table 1 signifies square footage and the SF numbers in Table 1 are Residential Floor Areas of residential structures.

In accordance with Section 53321(d) of the Government Code of the State of California, the Maximum Special Tax for Debt Service and Facilities for each Parcel “used for private residential purposes,” as defined therein, shall be calculated and thereby established by the date on which the Parcel is first subject to the Special Tax. Under no circumstances will the Special Tax levied in any Fiscal Year on any parcel used for private residential purposes be increased as a consequence of delinquency or default in the payment of Special Taxes by the owner or owners of any other Parcel or Parcels by more than ten percent (10%) above the amount of the Special Tax that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults.

Prior to the issuance of Bonds, CFD No. 60 shall do one of the following 1) select and engage a Price Point Consultant, where the Price Point Consultant shall prepare a Price Point Study setting forth the Minimum Sale Price of Residential Units within each Land Use Classification of Residential Property or 2) select and engage a MAI Certified Appraiser, where the Appraiser shall prepare an Appraisal setting forth at least the minimum market value of Residential Units within each Land Use Classification of Residential Property. If, based upon such Price Point Study or Appraisal, the Administrator calculates that the Total Tax Burden applicable to Residential Units within one or more Land Use Classifications of Residential Property to be constructed within CFD No. 60 exceeds 2.00% of the Minimum Sale Price of such Residential Units, the Special Tax shall be reduced to the extent necessary to cause the Total Tax Burden applicable to Residential Units within such Land Use Classification(es) not to exceed 2.00% of the Minimum Sale Price of such Residential Units. Each Special Tax reduction for a Land Use Classification shall be calculated by the Administrator separately, and it shall not be required that such reduction be proportionate among Land Use Classifications.

If the Special Tax for any Land Use Classification is reduced pursuant to the preceding paragraph, the Administrator shall calculate a reduced Maximum Special Tax for Non-Residential and Undeveloped Property, as well as a reduced Alternative Special Tax for Developed Property. The revised Maximum Special Tax shall be equal to the Maximum Special Tax as set forth in Table 1

above, reduced by a percentage equal to the weighted average percentage reduction in the Special Tax for all Land Use Classifications of Residential Property. The weighted average percentage will be calculated by taking the sum of the products of the number of Residential Units constructed or expected to be constructed in each Land Use Classification multiplied by the percentage change in the Special Tax for each Land Use Classification (or 0 for Land Use Classifications that are not changing). This amount is then divided by the total number of Residential Units constructed or expected to be constructed and converted to a percentage. The reduced Maximum Special Tax shall be used to compute the reduced Alternative Special Tax.

The Special Tax reductions, if required pursuant to this section, shall be reflected in an amended notice of Special Tax lien, which CFD No. 60 shall cause to be recorded by executing a certificate in substantially the form attached herein as Exhibit B.

D. METHOD OF APPORTIONMENT AND LEVY OF THE SPECIAL TAX

1. Special Tax

Commencing with the Fiscal Year in which the Board of Directors determines that the levy of Special Taxes shall commence, and for each subsequent Fiscal Year, the Board of Directors shall determine the total amount of Special Taxes to be levied and collected in that Fiscal Year in order to satisfy the Debt Service and Facilities Special Tax Requirement for such Fiscal Year. The Board of Directors shall levy the Special Tax on all Parcels of Taxable Property in the following priority until it has levied the amount necessary to satisfy the Debt Service and Facilities Special Tax Requirement for the Fiscal Year as follows:

(a) Debt Service and Facilities Special Tax Requirement.

(1) First: The Special Tax shall be levied on all Parcels of Developed Property in equal percentages up to 100% of the applicable Special Tax amount set forth in Table 1; and

(2) Second: If additional funds are needed, the Special Tax shall be levied on all Parcels of Undeveloped Property in equal percentages up to 100% of the Maximum Special Tax for Debt Service and Facilities for Undeveloped Property; and

(3) Third: If additional funds are needed, the Special Tax shall be levied on all Parcels of Developed Property classified as Residential Property for which the Maximum Special Tax for Debt Service and Facilities is determined by application of the Alternative Special Tax Rate in equal percentages up to 100% of such Maximum Special Tax for Debt Service and Facilities.

No Special Tax shall be levied on Parcels of Undeveloped Property in CFD No. 60 to provide any amounts which the Board of Directors determines are necessary to pay the costs of the provision, construction and acquisition of the Facilities and/or to accumulate funds therefor, as described in clause (5) of the definition of Debt Service and Facilities Special Tax Requirement.

E. EXEMPTIONS

The Special Tax related to the Debt Service and Facilities Special Tax Requirement shall not be levied on up to 2.80 Net Acres of Parcels of Exempt Property in the chronological order in which such property becomes any of the following:

1. Property that lies within dedications for public streets or publicly owned surface drainage channels.
2. Property Owners' Association Property.
3. Public School Property.
4. Park and Open Space Property.
5. Church Property.

Any Parcels described in the preceding paragraph that exceed 2.80 Net Acres shall be classified as Taxable Property and be subject to the Special Tax as either Developed Property or Undeveloped Property as provided for in Sections B, C, and D, unless the obligation to pay the Special Tax for any such Parcel is prepaid pursuant to Section H.

F. MANNER OF COLLECTION

The Special Taxes shall be collected in the same manner and at the same time as ad valorem property taxes and shall be subject to the same penalties, and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, that the District may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of CFD No. 60.

G. DURATION OF SPECIAL TAX LEVIES

Pursuant to Section 53321(d) of the Government Code of the State of California, the tax year after which no further Special Tax shall be levied or collected with respect to any Parcel to satisfy the Debt Service and Facilities Special Tax Requirement shall be Fiscal Year 2070-71.

H. PREPAYMENT

As used in this Section H, the terms in quotes have the meanings given to them below:

“CFD Facilities Amount” means the amount of \$1,646,336 expressed in FY 2024-25 dollars, which shall increase on July 1, 2025 and on each July 1 thereafter, by the percentage increase in Construction Index since the preceding July 1, or such lesser amount (i) as shall be determined by the Administrator to be sufficient to provide for the construction and acquisition of all of the facilities, or (ii) as shall be determined by the Board of Directors at the time of the adoption of a covenant that CFD No. 60 will not issue any additional bonds.

“Construction Fund” means a fund or account established by the Indenture to hold funds which are to be used to pay costs associated with the construction and acquisition of public facilities for CFD No. 60.

“Construction Index” means the Engineering News-Record Building Cost Index for the City of Los Angeles. If this index ceases to be published, the Construction Index shall be another index which is determined by the Administrator to be reasonably comparable to such index.

“Exempt Property” means property that is exempt from the levy of the Special Tax pursuant to Section E.

“Future Facilities Costs” means the amount determined by subtracting from the CFD Facilities Amount (i) the amount available in the Construction Fund, (ii) the amount previously disbursed from the Construction Fund, to pay the costs of the Facilities, (iii) the amount of Special Taxes previously collected that have been used or are available to pay for the costs of the Facilities, and (iv) the estimated amount of income that will be earned from the investment of such available amount prior to the date upon which the prepayment is to be made.

“Indenture” means the bond indenture, fiscal agent agreement or resolution pursuant to which the bonds of CFD No. 60 are issued and which establishes a construction or improvement fund into which proceeds of the sale of the bonds are deposited to pay for the construction and acquisition of public facilities for CFD No. 60.

“Outstanding Bonds” means all bonds of CFD No. 60 that have been issued and which will remain outstanding after the first date following the current Fiscal Year on which interest on or interest on and principal of such bonds will be paid, excluding bonds to be redeemed on a later date with Prepayment Amounts (as defined below) for other Parcels for which the Special Tax Obligation for Debt Service and Facilities has been prepaid.

“Special Tax Obligation for Debt Service and Facilities” means the total amount of Special Taxes which could be levied on a Parcel based on the Maximum Special Tax for Debt Service and Facilities for the Parcel through the date of final maturity of the Outstanding Bonds.

1. Prepayment in Full

The Special Tax Obligation for Debt Service and Facilities may only be prepaid and permanently satisfied for a Parcel of Developed Property, a Parcel of Undeveloped Property for which a building permit has been issued, or a Parcel of Church Property, Park and Open Space Property, Property Owners’ Association Property or Public School Property that is not Exempt Property. The Special Tax Obligation for Debt Service and Facilities for a Parcel may be fully prepaid and the obligation of the Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to the Parcel at the time of prepayment. An owner of a Parcel intending to prepay the Special Tax Obligation for Debt Service and Facilities for the Parcel shall provide the Administrator with written notice of the owner’s intent to prepay, and within fifteen (15) days of receipt of such notice, the Administrator shall notify such owner of the amount of a non-refundable deposit to cover the cost to be incurred by the District and CFD No. 60 in determining the Prepayment Amount for the Parcel. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify the owner of the Prepayment Amount for the Parcel. Prepayment must

be made not later than sixty (60) days prior to any redemption date for any bonds which will be redeemed with the Prepayment Amount.

The Prepayment Amount shall be calculated as follows (Except as provided above, capitalized terms have the meanings given below.):

Bond Redemption Amount
plus Redemption Premium
plus Prepaid Facilities Amount
plus Defeasance Amount
plus Administration Costs
less Reserve Fund Credit
equals Prepayment Amount

The Prepayment Amount shall be calculated, as of the proposed prepayment date, as follows:

1. For a Parcel of Developed Property, determine the Maximum Special Tax for Debt Service and Facilities for the Parcel. For a Parcel of Undeveloped Property, determine the Maximum Special Tax for Debt Service and Facilities for the Parcel as though it was Developed Property, based on the building permit(s) issued for the Parcel. For a Parcel of Church Property, Park and Open Space Property, Property Owners' Association Property or Public School Property which is not Exempt Property, determine the Maximum Special Tax for Debt Service and Facilities for the Parcel.
2. Divide the Maximum Special Tax for Debt Service and Facilities for the Parcel, determined pursuant to paragraph 1, by the total estimated amount of the Maximum Special Taxes for Debt Service and Facilities that could be levied on all Parcels of Developed Property at Buildout, including the prepaying Parcel and excluding any Parcels which have previously prepaid the Special Tax Obligation for Debt Service and Facilities.
3. Multiply the aggregate principal amount of the Outstanding Bonds by the percentage derived pursuant to paragraph 2 to determine the principal amount of the Outstanding Bonds to be redeemed with the Prepayment Amount (the "*Bond Redemption Amount*").
4. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
5. Determine the Future Facilities Costs.
6. Multiply the Future Facilities Costs by the percentage derived pursuant to paragraph 2 to determine the amount of the Future Facilities Costs to be prepaid (the "*Prepaid Facilities Amount*").

7. Determine the amount needed to pay interest on the Bond Redemption Amount from the first bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
8. Determine the unpaid amount of the Special Taxes levied on the Parcel in the current Fiscal Year.
9. Estimate the earnings on the investment of the Prepayment Amount, less the Prepaid Facilities Amount and the Administration Costs (as defined below), from the date of prepayment until the redemption date for the Outstanding Bonds which will be redeemed with the Prepayment Amount (the "*Net Prepayment Amount*").
10. Add the amounts derived pursuant to paragraphs 7 and 8 and subtract the amount derived pursuant to paragraph 9 to derive the Defeasance Amount (the "*Defeasance Amount*").
11. Determine the amount which will be needed and will not be paid from a non-refundable deposit by the owner of the prepaying Parcel for paying the costs of (i) determining the Prepayment Amount, (ii) investing the Net Prepayment Amount, (iii) redeeming the Outstanding Bonds, and (iv) recording any notices to evidence the prepayment and satisfaction of the Special Tax Obligation for Debt Service and Facilities for the Parcel (the "*Administration Costs*").
12. Determine the amount of the reserve fund credit (the "*Reserve Fund Credit*") which shall be the lesser of: (a) the amount, if any, by which the "Reserve Requirement" (as defined in the Indenture) will be reduced as a result of the redemption of Outstanding Bonds with the Prepayment Amount (the "*Reduced Reserve Requirement*") or (b) the amount (which shall not be less than zero) derived by subtracting the Reduced Reserve Requirement from the amount which will be on deposit in the Reserve Fund for the Outstanding Bonds on the prepayment date.
13. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Prepaid Facilities Amount, the Defeasance Amount and the Administration Costs less the Reserve Fund Credit.
14. Upon receipt of the Prepayment Amount, the funds representing the Bond Redemption Amount, the Redemption Premium, and the Defeasance Amount shall be deposited into the appropriate fund established under the Indenture for the redemption of Outstanding Bonds and shall be used, along with the amount representing the Reserve Fund Credit which shall be transferred from the Reserve Fund to the appropriate account under the Indenture, to redeem an aggregate principal amount of Outstanding Bonds which is equally divisible by \$5,000 and, to the extent of any portion of the sum thereof which is not so utilized, to pay interest on and principal of Outstanding Bonds. The Prepaid Facilities Amount shall be deposited into the Construction Fund. The Administration Costs shall be retained by the District and used to pay or reimburse such costs.

Upon receipt of the Prepayment Amount, the Board of Directors shall cause the appropriate notice to be recorded in compliance with the Act to acknowledge that the Special Tax Obligation for Debt Service and Facilities for the prepaying Parcel has been prepaid and satisfied and to cancel the Special Tax lien securing payment of Special Taxes for the Debt Service and Facilities Special Tax Requirement for such prepaying Parcel.

Notwithstanding the foregoing, no Prepayment shall be allowed for any Parcel in unless the total amount of the Maximum Special Taxes for Debt Service and Facilities that may be levied on Taxable Property (excluding Parcels of Property Owners' Association Property, Public School Property and Church Property that are Taxable Property), both before and after expected buildout of the property in CFD No. 60, as then approved by the County or the City, after the proposed Prepayment would be at least equal to the sum of (i) an amount equal to 110 percent of maximum annual debt service on all Outstanding Bonds, as determined by the Administrator, a financial advisor or a special tax consultant, at the option of the Administrator, plus (ii) Administrative Expenses in the amount of \$40,000.

2. Partial Prepayment

An owner of not less than fifteen (15) Parcels of Developed Property classified as Residential Property in CFD No. 60 may partially prepay the Special Tax Obligation for Debt Service and Facilities for all such Parcels. The owner of a Parcel of Undeveloped Property (i) for which a subdivision map has been recorded, (ii) that will be classified as Residential Property and (iii) for which a building permit has been issued, may partially prepay the Special Tax Obligation for Debt Service and Facilities for not less than fifteen (15) of such Parcels. The amount of the Partial Prepayment shall be calculated pursuant to Section H.1 as modified by the following formula:

$$PP = ((P_E - A) \times F) + A$$

These terms have the following meaning:

PP = the Partial Prepayment

P_E = the Prepayment Amount calculated according to Section H.1

F = the percentage by which the owner of the Parcels is partially prepaying the Special Tax Obligation for Debt Service and Facilities.

A = the Administrative Costs calculated pursuant to Section H.1

The owner of such Parcels who desires to partially prepay the Special Tax Obligation for Debt Service and Facilities shall notify the Administrator of (i) the owner's intent to partially prepay the Special Tax Obligation for Debt Service and Facilities and, (ii) the percentage by which the Special Tax Obligation for Debt Service and Facilities for all such Parcels will be prepaid, and within fifteen (15) days of receipt of such notice, the Administrator shall notify such owner of the amount of a non-refundable deposit determined to cover the costs to be incurred by the District and CFD No. 60 in determining the amount of the Partial Prepayment for such Parcels. Within thirty (30) days of receipt of such non-refundable deposit, the Administrator shall notify the owner of the Partial Prepayment amount applicable to each of such Parcels. A Partial

Prepayment must be paid not later than sixty (60) days prior to the redemption date for any Outstanding Bonds which will be redeemed with the Partial Prepayment.

Upon receipt of a Partial Prepayment of the Special Tax Obligation for Debt Service and Facilities for any such Parcels, the Administrator shall (i) allocate the amount of the Partial Prepayment pursuant to Paragraph 14 of Section H.1 and (ii) note on the records of CFD No. 60 that there has been a Partial Prepayment of the Special Tax Obligation for Debt Service and Facilities for such Parcels and that the amount of Special Taxes which shall continue to be levied on such Parcels pursuant to Section D shall be reduced based on the percentage $(1.00 - F)$ of the remaining Special Tax Obligation for Debt Service and Facilities for such Parcels.

Notwithstanding the foregoing, no Partial Prepayment shall be allowed for any Parcel in unless the total amount of the Maximum Special Taxes for Debt Service and Facilities that may be levied on Taxable Property (excluding Parcels of Property Owners' Association Property, Public School Property and Church Property that are Taxable Property), both before and after expected buildout of the property, as then approved by the County or the City, after the proposed Partial Prepayment would be at least equal to the sum of (i) an amount equal to 110 percent of maximum annual debt service on all Outstanding Bonds, as determined by the Administrator, a financial advisor or a special tax consultant, at the option of the Administrator, plus (ii) Administrative Expenses in the amount of \$40,000.

I. CHANGES TO TENTATIVE TRACTS

The Alternative Special Tax Rate has been established based on the land use configurations shown on the subdivision map for Tract No. 38888. In the event any portion of Tract No. 38888 is modified by the County or the City, the Alternative Special Tax Rate for all Parcels of Developed Property in the modified portion of such tract which are classified as Residential Property shall be determined by (i) multiplying the total square footage of such Parcel or Parcels by \$1.1718 per square foot, and (ii) by dividing the product thus obtained by the number of lots in the modified portion thereof.

J. APPEALS

Any taxpayer may file a written appeal of the Special Tax levied against his/her Parcel(s) with the Administrator, provided that the appellant is current in his/her payments of Special Taxes. During pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The Administrator shall review the appeal, meet with the appellant if the Administrator deems necessary, and advise the appellant of its determination. If the Administrator agrees with the appellant, the Administrator shall grant a credit to eliminate or reduce future Special Taxes on the appellant's Parcel(s). No refunds of previously paid Special Taxes shall be made.

The Administrator shall interpret this Rate and Method of Apportionment and make determinations relative to the annual levy and administration of the Special Tax and any taxpayer who appeals, as herein specified.

Interpretations may be made by the Board by resolution for purposes of clarifying any vagueness or ambiguity as it relates to any tax class, tax rate, method of apportionment or definition applicable to this Rate and Method of Apportionment of Special Tax.

“EXHIBIT B”

CERTIFICATE OF MODIFICATION OF SPECIAL TAX

JURUPA COMMUNITY SERVICES DISTRICT AND CFD NO. 60 CERTIFICATE

1. Pursuant to Section C of the Rate and Method of Apportionment of Special Tax for Community Facilities District No. 60 (Tract No. 38888) of Jurupa Community Services District (“CFD No. 60”), the Special Tax for Residential Property and Non-Residential Property within CFD No. 60 has been modified.

The information in Table 1 relating to the Special Tax for Developed Property within CFD No. 60, as stated in Section C.1. of the Rate and Method of Apportionment, has been modified as follows:

Table 1
Special Tax Amounts for Debt Service and Facilities
for Developed Property
CFD No. 60

Taxable Property	Land Use Classification (Residential Floor Area)	Special Tax for Debt Service and Facilities
Residential Property	Less than 1,850 SF	\$_____ per Parcel
Residential Property	Greater than or equal to 1,850 SF	\$_____ per Parcel
Non-Residential Property	N/A	\$_____ per Net Acre

The information relating to the definition of Alternative Special Tax Rate within CFD No. 60, as stated in Section A of the Rate and Method of Apportionment, has been modified as follows:

“Alternative Special Tax Rate” means with respect to Parcels of Developed Property classified as Residential Property the amount of \$_____ per Parcel, or an amount determined pursuant to Section I, if applicable.

The information relating to Changes to Tentative Tracts within CFD No. 60, as stated in Section I. of the Rate and Method of Apportionment, has been modified as follows:

The Alternative Special Tax Rate has been established based on the land use configurations shown on the subdivision map for Tract No. 38888. In the event any portion of either Tract is modified by the County or the City, the Alternative Special Tax Rate for all Parcels of Developed Property in the modified portion of such tract which are classified as Residential Property shall be determined by (i) multiplying the total square footage of such Parcel or Parcels by \$_____ per square foot, and (ii) by dividing the product thus obtained by the number of lots in the modified portion thereof.

1. The Special Tax may only be modified prior to the first issuance of CFD No. 60 Bonds.

2. Upon execution of this certificate by CFD No. 60, CFD No. 60 shall cause an amended notice of Special Tax lien for CFD No. 60 to be recorded reflecting the modifications set forth herein.

CERTIFICATE OF MODIFICATION OF SPECIAL TAX

By execution hereof, the undersigned acknowledge, on behalf of the District and CFD No. 60, receipt of this certificate and modification of the Rate and Method of Apportionment of Special Tax as set forth in this certificate.

JURUPA COMMUNITY SERVICES DISTRICT

COMMUNITY FACILITIES DISTRICT NO. 60 (TRACT NO. 38888)

By: _____

Date: _____

RESOLUTION NO. 3457**RESOLUTION OF THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT DECLARING NECESSITY FOR PROPOSED COMMUNITY FACILITIES DISTRICT NO. 60 (TRACT NO. 38888) OF JURUPA COMMUNITY SERVICES DISTRICT TO INCUR BONDED INDEBTEDNESS**

WHEREAS, the Board of Directors (the “Board of Directors”) of Jurupa Community Services District (the “District”) has received a petition from the owner and developer of certain property in the District (the “Owner”) requesting that the Board of Directors conduct proceedings pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the “Mello-Roos Community Facilities Act of 1982,” for the formation of a community facilities district for the purposes of designing, constructing, acquiring and financing through the levy of special taxes and sale of bonds the construction and acquisition water system facilities, including capacity in existing facilities, and sewer system facilities, including capacity in existing facilities of the District, which are necessary to meet increased demands placed upon the District as a result of the development of said property (the “Facilities”), and that the proposed community facilities district be authorized to issue bonds and incur a bonded indebtedness for the purpose of financing such Facilities in the aggregate principal amount not to exceed \$3,000,000; and

WHEREAS, the Board of Directors has determined that it will be in the public interest and beneficial to the future residents of the proposed community facilities district that it be authorized to levy special taxes and incur bonded indebtedness to finance the Facilities; and

WHEREAS, pursuant to Section 53321 of the California Government Code, the Board of Directors has adopted the Resolution of Intention on January 13 2025, declaring its intention to establish proposed Community Facilities District No. 60 (Tract No. 38888) of Jurupa Community Services District, County of Riverside, State of California, for the purposes of financing the design, construction and acquisition of the Facilities; and

WHEREAS, it is therefore necessary for the proposed community facilities district to incur a bonded indebtedness for the purpose of providing and financing the Facilities.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT AS FOLLOWS:

Section 1. Bonded Indebtedness. The Board of Directors declares that it is necessary that a bonded indebtedness be incurred by and for proposed Community Facilities District No. 60 (Tract No. 38888) of Jurupa Community Services District, County

of Riverside, State of California, in an aggregate principal amount not to exceed \$3,000,000 for the purpose of financing the design, construction, and acquisition of the Facilities, as described in the Resolution of Intention.

Section 2. Costs Included. The amount of the proposed bonded indebtedness shall include all costs and estimated costs incidental to, or connected with, the accomplishment of the purposes for which the proposed bonded indebtedness is to be incurred, including, but not limited to, the estimated costs of construction and acquisition of the Facilities which are proposed to be provided within and for the proposed community facilities district, acquisition of land and rights-of-way, satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued, architectural, engineering, inspection, legal, fiscal and financial consultant fees, bond and other reserve funds and interest on any bonds of the proposed community facilities district estimated to be due and payable within two years of the issuance of the bonds, election costs, and all costs of issuance of the bonds, including, but not limited to, underwriter's discount, fees for bond counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs.

Section 3. Payment of Bonded Indebtedness. Pursuant to Section 4 of the Resolution of Intention and Section 53350 of the California Government Code, parcels of taxable property within the territory of the proposed community facilities district shall be subject to the annual levy of special taxes to pay the principal of and interest on the aggregate principal amount of the bonds of the proposed community facilities district which may be issued and sold to finance the Facilities.

Section 4. Hearing. A public hearing on the proposed bonded indebtedness for said proposed community facilities district shall be held at 6:00 p.m. on February 24, 2025, in the meeting room of the Board of Directors at 11201 Harrel Street, Jurupa Valley, California. Said hearing shall be conducted concurrently with the hearing on the formation of the proposed community facilities district.

Section 5. Notice. The Secretary to the Board of Directors shall publish a notice of the time and place of said hearing pursuant to Section 53346 of the California Government Code, and shall also give notice of the time and place of said hearing by first-class mail to each registered voter and to each landowner within the proposed community facilities district.

ADOPTED this 13th day of January, 2025.

Betty Folsom
President of the Board of Directors

ATTEST:

Maria E. Ayala
Executive Services Manager/
Secretary to the Board of Directors

CERTIFICATION

I, Maria E. Ayala, Secretary to the Board of Directors of Jurupa Community Services District, certify that the foregoing resolution was adopted by the Board of Directors at a regular meeting held on the 13th day of January, 2025, by the following vote of the Directors:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Jurupa Community Services District this 13th day of January, 2025.

Maria E. Ayala
Executive Services Manager/
Secretary to the Board of Directors

PROPOSED BOUNDARY

COMMUNITY FACILITIES DISTRICT NO. 60 (TRACT NO. 38888) JURUPA COMMUNITY SERVICES DISTRICT COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE SECRETARY OF THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT THIS ____ DAY OF _____, 20____.

SECRETARY OF THE BOARD OF DIRECTORS
JURUPA COMMUNITY SERVICES DISTRICT

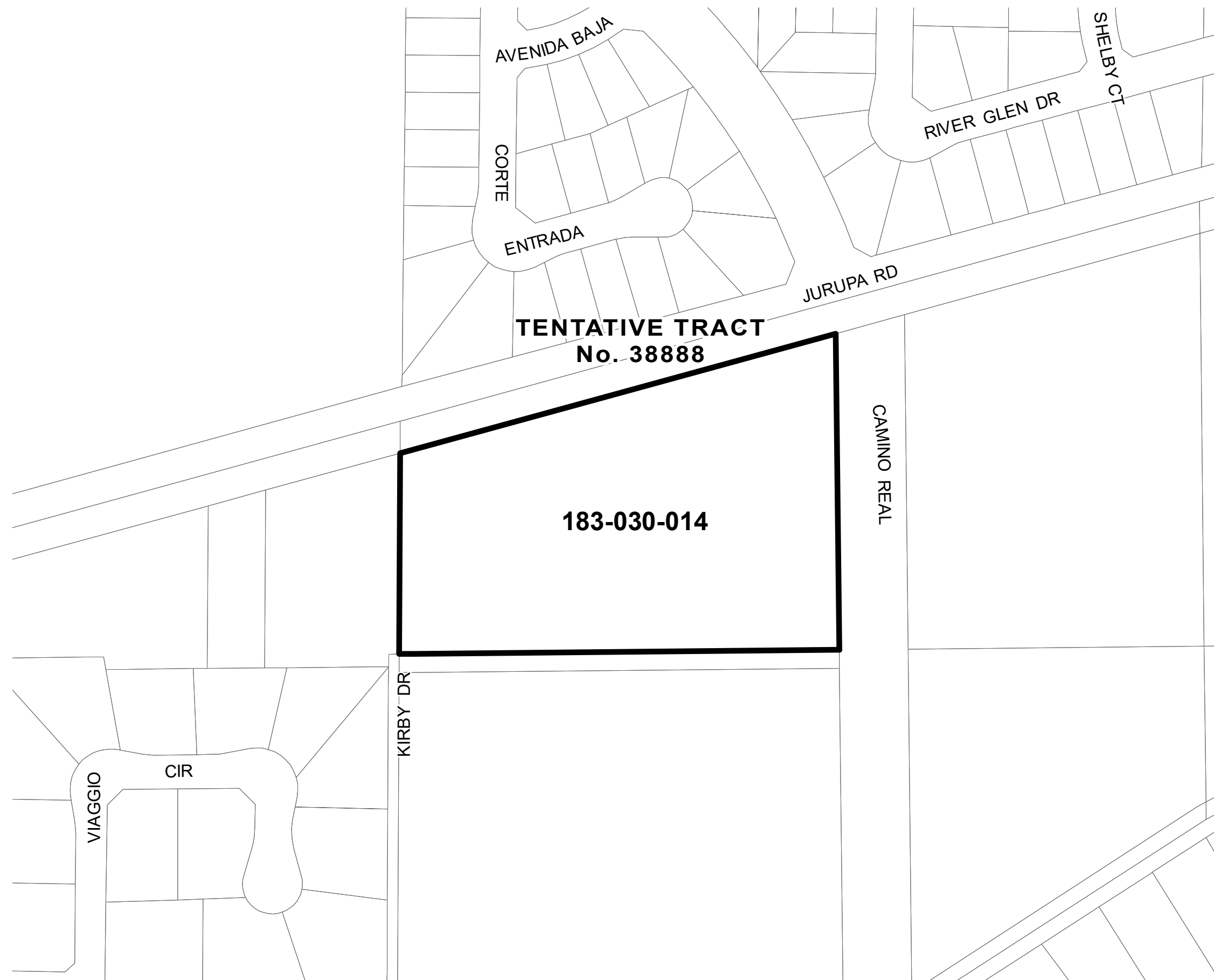
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 60 (WARMINGTON) OF JURUPA COMMUNITY SERVICES DISTRICT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED AT A REGULAR MEETING THEREOF HELD ON THE ____ DAY OF _____, 2024. BY ITS RESOLUTION NO. _____.

SECRETARY OF THE BOARD OF DIRECTORS,
JURUPA COMMUNITY SERVICES DISTRICT

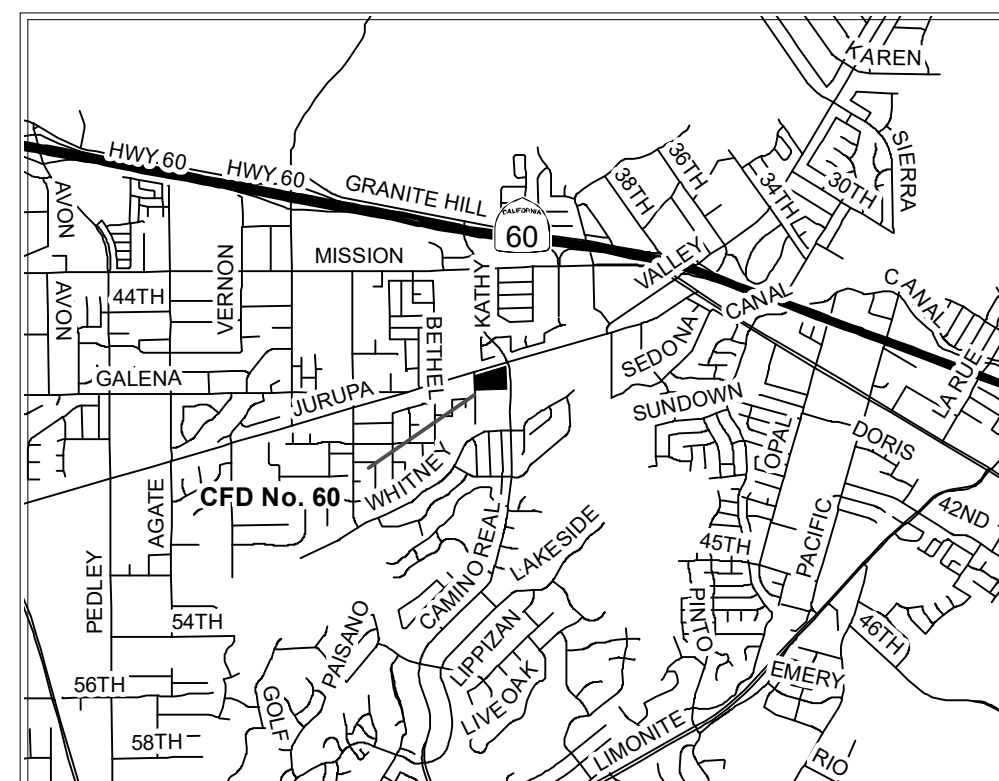
FILED THIS ____ DAY OF _____, 20____ AT THE HOUR OF ____ O'CLOCK __M IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AND AS INSTRUMENT NO.: _____ FEE: _____

PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER


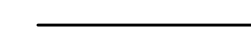
BY: _____
DEPUTY

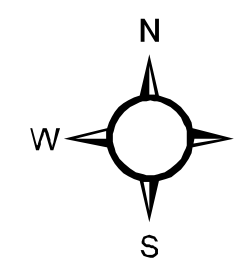
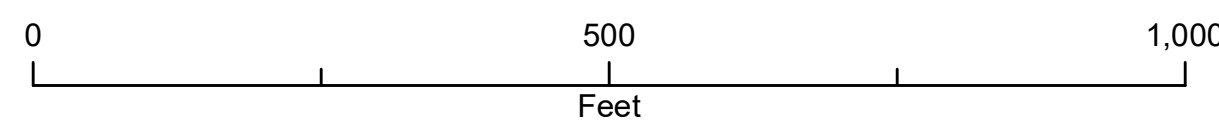


VICINITY MAP
(NOT TO SCALE)



LEGEND

-  PROPOSED CFD BOUNDARY
-  PARCEL LINE
- XXX-XXX-XXX ASSESSOR PARCEL NUMBER



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. PARCEL NUMBERS ARE RIVERSIDE COUNTY ASSESSOR'S PARCEL NUMBERS. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2024-2025



To: Finance and Administration Committee

From: Finance and Administration Department

Date: January 9, 2025

Subject: Action/Discussion Item No. 2
Resolution No. 3458
Acceptance of Dedication of Sendero Park Parcels

Staff Recommendation:

That the Finance and Administration Committee forwards a recommendation to the Board of Directors to adopt the following Resolution No. 3458 – Approving the Donation Agreements for Property Located Within Existing District Parks, as written.

Background:

Lennar Homes of California, LLC and SC Limonite, LLC (the “Donors”) are offering to donate to JCSD the following parcels located within Tract 36775-2:

Assessor’s Parcel Numbers

164-760-065
164-760-068
164-760-069
164-760-070
164-760-086

Donor

Lennar Homes of California, LLC
Lennar Homes of California, LLC
Lennar Homes of California, LLC
Lennar Homes of California, LLC
SC Limonite, LLC

Tract 36775-2 is located along the north side of Limonite Avenue, east of Archibald Avenue, running in a northeasterly direction to Harrison Avenue, and is part of a development known as Sendero and includes Sendero Park which is currently maintained by JCSD.

Discussion:

The development known as Sendero was developed by the Donors and is located within JCSD’s Community Facilities District No. 52. Bonds were issued and sold in February 2021 to finance public facilities, including park and park improvements. JCSD had previously agreed in June 2020 to assume all landscape and park maintenance for the Sendero development, including maintenance of landscaping and park improvements located at the parcel numbers listed above. JCSD has maintained the landscape and park maintenance at these parcels since assumption in 2020. It was understood that legal transfer of ownership of the parcels would have taken place as part of the County’s recording of the final Tract Map.

Lennar Homes contacted JCSD in 2023 upon discovering that the title for several of the parcels containing landscaping or park facilities being maintained by JCSD showed Lennar Homes as the owner. Upon investigation, it was also discovered that another parcel within Sendero containing park and park improvements maintained by JCSD was still owned by SC Limonite, LLC.

As JCSD already maintains these parcels, staff is asking that the Committee forwards to the Board of Directors a recommendation to adopt the Resolution which authorizes the Board President to execute the following two Agreements which outline the dedication of the parcels to JCSD by Grant Deed:

- Donation Agreement between JCSD and Lennar Homes of California, LLC
- Donation Agreement between JCSD and SC Limonite, LLC

The Resolution also authorizes the Board to execute the Certificates of Acceptance. By signing the Agreements, JCSD and the Donors would establish an escrow of not more than 120 days within which JCSD will have the right to inspect the property and investigate title, and the Donors will deposit with the escrow agent the executed grant deeds. As JCSD has already maintained the parcels for several years and also procured a preliminary title that is clean of dissatisfactory exceptions, staff does not anticipate any material disputes to arise during the escrow period.

At the close of escrow, the Escrow Agent shall record the Grant Deeds with the Riverside County Recorder and issue the final Title Policy, at which time the ownership of the parcels will transfer to JCSD.

Strategic Plan Applicability:

The item above pertains to “Element #3 – Parks and Recreation” in the adopted JCSD Strategic Plan. The Board action ties into Strategic Goal #3.1 – Substantially Complete Eastvale Park Plan.

Budget Impact:

There is no impact to the budget as a result of this item.

SP/JD/vt

Attachments: 1 – Resolution No. 3458
2 – SC Limonite Donation Agreement
3 – Lennar Homes Donation Agreement
4 – Sendero Proposed Parcel Owner Transfer Map

RESOLUTION NO. 3458

RESOLUTION OF THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT APPROVING THE DONATION AGREEMENTS FOR PROPERTY LOCATED WITHIN EXISTING DISTRICT PARKS AND FINDING THE APPROVAL EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO STATE CEQA GUIDELINES SECTIONS 15316 (TRANSFER OF OWNERSHIP OF LAND IN ORDER TO CREATE PARKS) AND 15061(B)(3) (COMMON SENSE EXEMPTION)

WHEREAS, Lennar Homes of California and SC Limonite (Stratham Homes) plan to donate to the District land in fee title located in Sendero Park;

WHEREAS, the District already maintains Sendero Park, including the parcels being donated.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT AS FOLLOWS:

Section 1. Subject to the provisions below, the District agrees to approve the donation agreement entered into by Lennar for the parcels listed below.

<u>Assessor's Parcel No.'s</u>	<u>Property Owner</u>
164-760-065	Lennar Homes of California, LLC
164-760-068	Lennar Homes of California, LLC
164-760-069	Lennar Homes of California, LLC
164-760-070	Lennar Homes of California, LLC

Section 2. Subject to the provisions below, the District agrees to approve the donation agreement entered into by SC Limonite, LLC (Stratham Homes) for the parcels listed below.

<u>Assessor's Parcel No.'s</u>	<u>Property Owner</u>
164-730-086	SC Limonite, LLC

Section 3. The District's Board President, or her designee, is hereby authorized to execute the donation agreements, one or more certificates of acceptance, and to execute such other documents necessary to implement and carry out the approvals herein, subject to any further revisions to the donation agreement deemed necessary by District staff and legal counsel.

Section 4. The District finds that the acceptance of these donation agreements are exempt from the California Environmental Quality Act ("CEQA") under a Class 16 categorical exemption (Transfer of Ownership of Land in Order to Create Parks). (State CEQA Guidelines § 15316.) A Class 16 exemption consists of the transfer of land in order

to establish a park where the land is in a natural condition. Here, the donation agreement allows for a transfer of land so the District may establish a park to retain its natural condition. Further, the donation agreements are exempt from CEQA under State CEQA Guidelines Section 15061(b)(3) as it can be seen with certainty that there is no possibility that the donation of land will have a significant effect on the environmental and consequently, these actions by the District are exempt from CEQA.

ADOPTED this 27th day of January, 2025.

Betty Folsom
President of the Board of Directors

ATTEST:

Maria E. Ayala
Executive Services Manager/
Secretary to the Board of Directors

Project: Sendero Park
APN: 164-730-086

DONATION AGREEMENT

THIS AGREEMENT (“Agreement”) is made this 27th day of January, 2025 by and between the Jurupa Community Services District, an independent special district of the State of California, herein called “JCSD,” and SC Limonite, LLC, a Delaware limited liability company, herein called “Donor.” The JCSD and Donor are sometimes individually referred to as “Party” and collectively as “Parties.”

WHEREAS, Donor is the owner of certain real property located in Riverside County, and as more particularly described on Exhibit A attached hereto (the “Real Property”);

WHEREAS, JCSD desires to acquire the Real Property for purposes of a park.

NOW, THEREFORE, JCSD and Donor agree as follows:

1. Dedication of Property. Donor shall offer to dedicate the Property to JCSD and JCSD shall accept the offer of dedication of the Property, or interest therein, upon the terms and conditions set forth in this Agreement. “Property” means collectively the Real Property, all improvements presently or hereafter existing on the Real Property, all water rights, all mineral rights, all plans and specifications relating to the present or planned construction of improvements on the Real Property, including all governmental permits or licenses, utility contracts, service contracts, maintenance contracts, operating contracts, or other intangible property (if any) now or in the future owned by Donor in connection with the development, operation, or ownership of the Property or other rights of any kind or character relating to the ownership, use, or operation of the Property, including all materials purchased by Donor for use on the Property or in the construction of improvements on the Property, and all of Donor’s rights in and to any fees paid to any governmental agency or utility.

2. Obligations of Donor.

2.1 Fee Interest. Upon acceptance by JCSD, Donor shall convey, assign and transfer its fee interest in the Property to JCSD, free and clear of all liens, encumbrances, easements, leases (recorded or unrecorded), bonds, assessments, and taxes except for (i) liens for non-delinquent property taxes and assessments, Southern California Edison easements, and (ii) those liens and encumbrances and easements which, in the sole discretion of JCSD, are acceptable pursuant to Section 6.

2.2 Representations and Warranties of Donor. Donor represents and warrants to JCSD that as of the date of this Agreement and as of the Close of Escrow:

2.2.1 Hazardous Substances. To Donor’s actual knowledge, the Property is: (i) free from Hazardous Substances; (ii) contains no buried or partially buried storage tanks located on the Property; (iii) has not been used for the generation, storage or disposal of any

Hazardous Substance and no Hazardous Substance has been spilled, disposed of, or stored on, under, or at the Property; and (iv) has never been used as a dump or landfill;

2.2.2 Compliance with Law. To Donor's actual knowledge, the Property is in material compliance with all applicable Laws and Environmental Laws;

2.2.3 Leases. No leases, licenses, or other agreements allowing any third party rights to use the Property are or will be in force as of the Closing;

2.2.4 Litigation and Investigations. There is no pending or to Donor's actual knowledge, no threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property, and Donor has received no notice, warning, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are or have been in violation of any Laws or Environmental Laws, or informing Donor that the Property is subject to investigation or inquiry regarding the violation of any Laws or Environmental Laws.

2.2.5 Condition of Property. There are no natural or artificial conditions upon the Property or any part of the Property that could result in a material and adverse change in the condition of the Property;

2.2.6 Access to the Property. There is vehicular access to the Property either directly through a public right of way or through a recorded easement; and

2.2.7 No Insolvency Proceedings. Donor has not (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets; (iv) suffered the attachment or other judicial seizure of substantially all of its assets; or (v) admitted in writing its inability to pay its debts as they come due.

2.2.8 No Other Agreements, Undertakings or Tenancies. Donor will not enter into any agreements or undertake any new obligations prior to Close of Escrow which will in any way burden, encumber or otherwise affect the Property without the prior written consent of the JCSD.

2.2.9 Disclosure. Donor has disclosed to JCSD all information, records, and studies in Donor's possession in connection with the Property, including any reports or studies concerning Hazardous Substances. All information that Donor has delivered to JCSD, either directly or through Donor's agents, is accurate and Donor has disclosed all material facts concerning the operation, development, or condition of the Property.

2.3 Donor shall promptly notify JCSD of any facts that would cause any of the representations contained in this Agreement to be untrue as of the Close of Escrow. If JCSD reasonably concludes that a fact materially and adversely affects the Property, JCSD shall have the option to terminate this Agreement by delivering written notice to Donor and Escrow Agent. If JCSD terminates this Agreement pursuant to this Section, Escrow Agent shall cancel the Escrow

2.4 Indemnity. Donor agrees to indemnify JCSD and agrees to defend and hold JCSD harmless from all loss, cost, liability, expense, damage, or other injury, including without limitation, attorneys' fees and expenses, to the fullest extent not prohibited by applicable law, and all other costs and expenses incurred by reason of, or in any manner resulting from (i) the breach of any warranties and representations in Section 2.2, and (ii) all third-party claims for Donor's intentional acts or willful misconduct related to the Property occurring prior to the Close of Escrow.

2.5 Definitions.

2.5.1 "Environmental Laws" means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance (as defined subsequently in this Agreement), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now in effect, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and the Superfund Amendments and Reauthorization Act of 1986 (SARA) [42 U.S.C.A. §§ 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) and the Solid Waste Disposal Act [42 U.S.C.A. §§ 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) [33 U.S.C.A. §§ 1251 et seq.]; the Toxic Substances Control Act (TSCA) [15 U.S.C.A. §§ 2601 et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 U.S.C.A. §§ 5101 et seq.]; the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) [7 U.S.C.A. §§ 136 et seq.]; the Clean Air Act (CAA) [42 U.S.C.A. §§ 7401 et seq.]; the Safe Drinking Water Act (SDWA) [42 U.S.C.A. §§ 300f et seq.]; the Surface Mining Control and Reclamation Act of 1977 (SMCRA) [30 U.S.C.A. §§ 1201 et seq.]; the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA or EPCRTKA) [42 U.S.C.A. §§ 11001 et seq.]; the Occupational Safety and Health Act of 1970 (OSHA) [29 U.S.C.A. §§ 655, 657]; the California laws regarding the underground storage of hazardous substances [H & S C §§ 25280 et seq.]; the Hazardous Substance Account Act [H & S C §§ 25300 et seq.]; the California laws regarding hazardous waste control [H & S C §§ 25100 et seq.]; the Safe Drinking Water and Toxic Enforcement Act of 1986 [H & S C §§ 25249.5 et seq.]; the Porter-Cologne Water Quality Control Act [Wat C §§ 13000 et seq.], and any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect that pertains to occupational health or industrial hygiene, and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

2.5.2 "Hazardous Substances" includes without limitation:

(i) Those substances included within the definitions of "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "solid waste," or "pollutant or contaminant" in CERCLA, RCRA, TSCA, HMTA, or under any other Environmental Law;

(ii) Those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the Environmental Protection Agency (EPA), or any successor agency, as hazardous substances [40 CFR Part 302];

(iii) Other substances, materials, and wastes that are or become regulated or classified as hazardous or toxic under federal, state, or local laws or regulations; and

(iv) Any material, waste, or substance that is: a petroleum or refined petroleum product, asbestos, polychlorinated biphenyl, designated as a hazardous substance pursuant to 33 U.S.C.A. § 1321 or listed pursuant to 33 U.S.C.A. § 1317, a flammable explosive, or a radioactive material.

3. Escrow. By this Agreement, JCSD and Donor establish an escrow (“Escrow”) with a reputable title company chosen by JCSD (the “Escrow Agent”), subject to the provisions of the standard conditions for acceptance of escrow and the terms and conditions in this Agreement, with a signed counterpart of this document to be delivered as escrow instructions to Escrow Agent. In the event of any conflict between the terms of this Agreement and the standard conditions for acceptance of escrow, the terms of this Agreement shall control. JCSD’s agent for matters related to the Closing of Escrow shall be the Executive Director or his designee.

4. Feasibility Period.

4.1 During the period commencing on the date of this Agreement and terminating on a date which is sixty (60) days from the date of this Agreement (“Feasibility Period”), JCSD may undertake an inspection of the Property. Said inspection may include: (i) a review of the physical condition of the Property, including but not limited to, inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Property; and (ii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Property. Within ten (10) days following the full execution of this Agreement by both parties, Donor shall deliver to JCSD copies of all architectural plans, surveys, specifications, and other documents pertaining to the physical, geological, or environmental condition of the Property that are owned by or in the possession of Donor.

4.2 If JCSD’s environmental consultant requires additional time to determine the existence and extent of any Hazardous Substances on the Property, JCSD shall have the right, exercisable by delivering written notice to Donor prior to the expiration of the Feasibility Period, to extend the Feasibility Period for up to an additional sixty (60) days to complete the testing.

4.3 If JCSD disapproves of the results of the inspection and review or the results of any Phase I Environmental Report, JCSD may elect, prior to the last day of the Feasibility Period (or any extension thereof), to terminate this Agreement by giving Donor written notification prior to the last day of the Feasibility Period (or any extension thereof). If JCSD fails to properly notify Donor of the intent to terminate this Agreement, JCSD shall be deemed to be satisfied with the results of the inspection and shall be deemed to have waived the right to terminate this Agreement pursuant to this provision.

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5. Access.

5.1 Access to the Property during the Feasibility Period shall be given to JCSD, its agents, employees, or contractors during normal business hours upon at least one (1) business day's notice to Donor, at JCSD's own cost and risk, for any purposes, including, but not limited to, inspecting the Property, taking samples of the soil, and conducting an environmental audit (including an investigation of past and current uses of the Property). JCSD shall indemnify and defend Donor against and hold Donor harmless from all losses, costs, damages, liabilities, and expenses, including, without limitation, reasonable attorney fees arising out of JCSD's entry onto the Property or any activity thereon by JCSD or its agents, employees, or contractors prior to the Close of Escrow except to the extent any such losses, costs, damages, liabilities, and expenses arise out of the gross negligence or willful acts of Donor. Any entry onto the Property by JCSD or its agents, employees, or contractors shall be at reasonable times. The provisions of this Section shall survive the Close of Escrow. Notwithstanding anything herein to the contrary, JCSD and Donor agree that JCSD shall not incur any liability hereunder merely by the discovery of an "Existing Adverse Condition" (as defined below) regardless of whether such Existing Adverse Condition, once revealed, negatively impacts the value of the Property or otherwise causes Donor to incur liabilities, costs or expenses. The term "Existing Adverse Condition" shall mean an adverse condition existing on or with respect to the Property that is discovered or revealed by JCSD in the course of its Property inspection hereunder.

5.2 In addition to the provisions of Section 4.1, JCSD and its agents, employees, or contractors shall have the right, from the date of this Agreement until the Closing Date, to contact any federal, state, or local governmental authority or agency to investigate any matters relating to the Property. Donor agrees to cooperate reasonably with JCSD and its agents, employees, or contractors in the inspection of the Property and agrees to deliver to JCSD all information in Donor's possession or control pertaining to the condition of the Property, including engineering and environmental reports, studies, tests, monitoring results, and related documentation.

6. Title.

6.1 Immediately following the execution of this Agreement by both Parties, JCSD shall cause Escrow Agent to issue to JCSD (with a copy to Donor) a preliminary report for an ALTA Standard Policy of Title Insurance, setting forth all liens, encumbrances, easements, restrictions, conditions, pending litigation, judgments, administrative proceedings, and other matters affecting Donor's title to the Property ("Preliminary Report"), together with copies of all documents relating to title exceptions referred to in the Preliminary Report.

6.2 Following the full execution of this Agreement by both Parties, JCSD may cause a survey and/or an ALTA Survey of the Property to be prepared by a registered surveyor or professional engineer ("Survey"). Donor agrees to deliver to JCSD, promptly following the full execution and delivery of this Agreement, copies of any survey of the Property in the possession of Donor.

6.3 JCSD shall approve or disapprove, in writing to Donor with a copy to Escrow Agent, each exception shown on the Preliminary Report and each encroachment, overlap,

or boundary line dispute, or any other matter that materially and adversely affects title to the Property or that violates any law, rule, or regulation reflected on the Survey (each an “Exception”) within twenty (20) business days following the receipt of the Preliminary Report or the Survey, whichever is later. JCSD’s failure to object within the twenty (20) day period shall be deemed to be a disapproval of the Exceptions. The Exceptions approved by JCSD hereunder shall be referred to as the “Approved Exceptions.”

6.4 If any Exception is disapproved or deemed disapproved (each a “Disapproved Exception”), Donor shall have the right, but not the obligation, within thirty (30) days following expiration of the twenty (20) day period provided under Section 6.3 above, to cause each Disapproved Exception to be discharged, satisfied, released, or terminated, as the case may be, of record, and in a form that is reasonably satisfactory to JCSD and Escrow Agent, all at Donor’s sole cost and expense. Donor agrees to deposit into Escrow the sum sufficient to discharge any Disapproved Exception that may be discharged only by the payment of money. If Donor is unable or unwilling to obtain a discharge, satisfaction, release, or termination of any Disapproved Exception within the period specified above, then this Agreement shall automatically terminate ten (10) business days after expiration of the 30-day period for curing the Disapproved Exceptions or after Donor advises JCSD in writing that Donor is unable or unwilling to cause such discharge, satisfaction, release, or termination, whichever occurs first, unless within such 10-business-day period JCSD waives in writing such Disapproved Exception, in which event such Disapproved Exception shall be deemed an Approved Exception under this Agreement. If this Agreement terminates pursuant to the foregoing sentence, then and the Parties shall be relieved of all further obligations and liabilities to each other under this Agreement except as otherwise provided herein, and all funds and documents deposited with Escrow Agent shall be promptly refunded or returned, as the case may be, by Escrow Agent to the depositing Party. Anything above to the contrary notwithstanding, it is understood and agreed that JCSD’s indemnity obligations under Section 5 shall not terminate upon termination of this Agreement pursuant to this or any other provision hereof.

7. INTENTIONALLY DELETED.

8. Close of Escrow.

8.1 Title. Simultaneously with the Close of Escrow, Escrow Agent shall issue an ALTA Standard Policy of Title Insurance (formerly referred to as a CLTA Title Policy) (“Title Policy”) in the amount of \$130,000.00, subject only to (i) liens for real property taxes, bonds, and assessments not then due, and (ii) the Approved Exceptions.

8.2 Donor’s Deposits into Escrow. Donor shall deposit with Escrow Agent on or prior to the Close of Escrow the following documents:

(i) a grant deed in the form attached hereto as Exhibit “B” executed and acknowledged by Donor, conveying to JCSD good and marketable fee simple title to the Property, subject only to the Approved Exceptions (“Deed”);

(ii) Donor’s approval of the draft of Escrow Agent’s closing statement.

8.3 JCSD's Deposits into Escrow. JCSD's approval of the Survey, and JCSD's approval of the draft of Escrow Agent's closing statement.

8.4 Closing Date. The conveyance of the Property to JCSD and the closing of this transaction ("Close of Escrow") shall take place within one hundred twenty (120) days ("Closing Date") following the establishment of an Escrow pursuant to Section 3 of this Agreement.

8.5 Closing Statements. No more than two days prior to the Closing Date, Escrow Agent shall deliver to JCSD and to Donor, for their respective approvals, drafts of Escrow Agent's closing statement showing all receipts and disbursements of the Escrow.

8.6 Closing Instructions. On the Closing Date (or any extension thereof), Escrow Agent shall close Escrow as follows:

(i) record the Deed (marked for return to JCSD) with the Riverside County Recorder;

(ii) issue the Title Policy;

(iii) prorate taxes, assessments, rents, and other charges as provided in Section 8.7 below;

(iv) prepare and deliver to both JCSD and Donor one signed copy of Escrow Agent's closing statement showing all receipts and disbursements of the Escrow;

(v) If Escrow Agent is unable to simultaneously perform all of the instructions set forth above, Escrow Agent shall notify JCSD and Donor and retain all funds and documents pending receipt of further instructions jointly issued by JCSD and Donor.

8.7 Closing Costs and Prorations. JCSD shall pay the following closing costs and prorations through the Close of Escrow:

(i) All governmental conveyancing fees and taxes due upon transfer of the Property, except that no documentary transfer tax will be payable with respect to this transaction, pursuant to Revenue and Taxation Code Section 11922;

(ii) The recording charges in connection with recordation of the Deed; except that this Deed is entitled to be recorded without a fee pursuant to Government Code Section 27383 because the Deed is for the benefit of a public agency;

(iii) All charges in connection with issuance of the Title Policy in the amount of \$130,000;

(iv) All costs associated by environmental reports, including the Phase I Environmental Site Assessment Report, and any further testing and reports which may be reasonably necessary as a result of such report;

(v) All charges related to any survey undertaken in connection with an ALTA Extended Policy of Title Insurance;

(vi) All charges in connection with removing any Disapproved Exceptions pursuant to Section 6.4 and to cure any defect in vesting in order to satisfy the condition set forth in Section 9(v); and

(vii) All fees and charges levied by Escrow Agent.

8.8 Real Estate Taxes, Bonds, and Assessments. Donor shall pay real property taxes at the Close of Escrow based on the most current real property tax bill available, including any additional property taxes that may be assessed after the Close of Escrow, regardless of when notice of those taxes is received or who receives the notice. Donor may seek reimbursement from the Riverside County Tax Assessor's office for any property taxes that have been assessed for a period after the Close of Escrow as JCSD is a public agency exempt from payment of such taxes. JCSD further agrees to cooperate with Donor to provide any necessary information to the Assessor's office in connection with such request for refund. All installments of any bond or assessment that constitutes a lien on the Property at the Close of Escrow shall be paid by Donor.

8.9 Possession. Possession of the Property shall be delivered to JCSD at the Close of Escrow.

9. Acceptance. The acceptance of the Property by JCSD and the Closing of Escrow (as defined in Section 8) are subject to the satisfaction of the following no later than the Closing Date:

(i) JCSD's approval of the condition of the Property as provided in Section 4 and title to the Property as provided in Section 6. The representations and warranties of Donor set forth in Section 2.2 shall be true and accurate as of the Closing Date;

(ii) Donor's performance of all obligations under this Agreement;

(iii) No adverse material change shall have occurred with respect to the condition of the Property from the end of the Feasibility Period through the Closing Date;

(iv) Escrow Agent being prepared to issue the Title Policy on the Close of Escrow, subject only to the Approved Exceptions.

10. The performance by the JCSD of its obligations under this Agreement shall relieve the JCSD of any and all further obligations or claims on account of the acceptance of the offer of dedication.

11. This Agreement and Escrow may be terminated by JCSD upon three (3) days written notice to Donor and Escrow Agent if the conditions to closing set forth in Section 9 have not been fulfilled on or before the Closing Date. Upon termination by JCSD pursuant to this Section 12, JCSD shall be responsible for all costs and expenses of Escrow Agent.

12. As used in this Agreement, notice includes but is not limited to, the communication of any notice, request, demand, approval, statement, report, acceptance, consent, waiver and appointment. All notices must be in writing. Notice is given either (i) when delivered in person to the person or company intended named below, or (ii) when sent via reputable overnight courier (such as Federal Express), addressed by name and addressed to the party or persons intended, as follows:

To JCSD: Jurupa Community Services District
11201 Harrel Street
Jurupa Valley, CA 91752
Phone: (951) 685-7434
Attention: General Manager

With copy to: Best Best & Krieger LLP
P.O. Box 1028
3390 University Avenue, 5th Floor
Riverside, CA 92502
Phone: (951) 686-1450
Attention: Michael Riddell

To Donor: SC Limonite, LLC
c/o Stratham Homes, Inc.
2201 Dupoint Drive, Suite 300
Irvine, CA 92612
Phone: (949) 678-5449
Attention: Jeff Evans
Authorized Representative

until such time as a party gives notice of the change of address in accordance with the terms of this section.

13. This Agreement shall not be changed, modified or amended except upon the written consent of the Parties hereto.

14. This Agreement is the result of negotiations between the Parties and is intended by the Parties to be a final expression of their understanding with respect to the matters herein contained. This Agreement supersedes any and all other prior agreements and understandings, oral or written, in connection therewith. No provision contained herein shall be construed against the JCSD solely because it prepared this Agreement in its executed form.

15. Donor, their assigns and successors in interest, shall be bound by all the terms and conditions contained in this Agreement, and all the parties thereto shall be jointly and severally liable thereunder.

16. This Agreement is not binding until executed by the President of the JCSD Board.

17. Notwithstanding any other provision of this Agreement or any other agreement between any of the Parties hereto, once the Property is conveyed to and accepted by the JCSD, the JCSD shall have no obligation to return the Property to the Donor under any circumstances, except in the sole and exclusive discretion of the JCSD.

18. This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

IN THE WITNESS THEREOF, the Parties have caused this Agreement to be executed by their duly-authorized representatives on the date and year set forth below.

DONOR:


JCS D:

Date: 11/4/2024

Date: _____

SC Limonite, LLC, a Delaware limited liability company

Jurupa Community Services District, an independent special district of the State of California

By: 

Jeff Evans, Authorized Representative

By: _____
Betty Folsom
President of the Board of Directors

Attest:

By: _____
Maria Ayala
Executive Services Manager/
Secretary of the Board

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

REAL PROPERTY IN THE CITY OF EASTVALE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 86 OF TRACT NO. 36775-1, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED ON AUGUST 2, 2018 AS INSTRUMENT NO. 2018-0312061 IN BOOK 463, PAGES 75 THROUGH 81, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 164-730-086

EXHIBIT B

GRANT DEED

Recorded at request of and return to:

Jurupa Community Services District
11201 Harrel Street
Jurupa Valley, CA 91752
Attn: General Manager

FREE RECORDING

This instrument is for the benefit of the Jurupa Community Services District, and is entitled to be recorded without fee. (Gov. Code, § 27383)

(Space above this line reserved for Recorder's use)

GRANT DEED

PROJECT: SENDERO PARK

APN: 164-730-086

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, SC Limonite, LLC, a Delaware limited liability company, herein called "**Grantor**", hereby GRANTS to Jurupa Community Services District, an independent special district of the State of California ("**Grantee**"), the real property in the City of Eastvale, County of Riverside, State of California, described as:

Lot 86 of TRACT NO. 36775-1, in the County of Riverside, State of California, as per Map filed on August 2, 2018 as Instrument No. 2018-0312061 in Book 463, Pages 75 through 81, inclusive, of Maps, in the Office of the County Recorder of said County.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the ___th day of _____, 20__.

SC Limonite, LLC, a Delaware limited liability company

Jeff Evans, Authorized Representative

ATTACH NOTARY ACKNOWLEDGEMENT

CERTIFICATE OF ACCEPTANCE

This is to certify that the real property conveyed by SC Limonite, LLC, a Delaware limited liability company, on the Grant Deed dated _____, 20__, to the JURUPA COMMUNITY SERVICES DISTRICT (Grantee), is hereby accepted by the undersigned officer on behalf of the Grantee, pursuant to authority conferred by the Board of Directors on _____, 2024, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2024

GRANTEE:

JURUPA COMMUNITY SERVICES
DISTRICT, An independent special district of
the State of California

By: _____
Betty Folsom
President of the Board of Directors

Attest:

By: _____
Maria Ayala,
Executive Services Manager/
Secretary of the Board

Project: Sendero Park
 APN: 164-760-065,
 164-760-068,
 164-760-069,
 164-760-070

DONATION AGREEMENT

THIS AGREEMENT (“Agreement”) is made this 27th day of January, 2025 by and between the Jurupa Community Services District, an independent special district of the State of California, herein called “JCSD,” and Lennar Homes of California, LLC, a California limited liability company, herein called “Donor.” The JCSD and Donor are sometimes individually referred to as “Party” and collectively as “Parties.”

WHEREAS, Donor is the owner of certain real property located in Riverside County, and as more particularly described on Exhibit A attached hereto (the “Real Property”);

WHEREAS, JCSD desires to acquire the Real Property for purposes of a park.

NOW, THEREFORE, JCSD and Donor agree as follows:

1. Dedication of Property. Donor shall offer to dedicate the Property to JCSD and JCSD shall accept the offer of dedication of the Property, or interest therein, upon the terms and conditions set forth in this Agreement. “Property” means collectively the Real Property, all improvements presently or hereafter existing on the Real Property, all water rights, all mineral rights, all plans and specifications relating to the present or planned construction of improvements on the Real Property, including all governmental permits or licenses, utility contracts, service contracts, maintenance contracts, operating contracts, or other intangible property (if any) now or in the future owned by Donor in connection with the development, operation, or ownership of the Property or other rights of any kind or character relating to the ownership, use, or operation of the Property, including all materials purchased by Donor for use on the Property or in the construction of improvements on the Property, and all of Donor’s rights in and to any fees paid to any governmental agency or utility.

2. Obligations of Donor.

2.1 Fee Interest. Upon acceptance by JCSD, Donor shall convey, assign and transfer its fee interest in the Property to JCSD, free and clear of all liens, encumbrances, easements, leases (recorded or unrecorded), bonds, assessments, and taxes except for (i) liens for non-delinquent property taxes and assessments, and (ii) those liens and encumbrances and easements which, in the sole discretion of JCSD, are acceptable pursuant to Section 6.

2.2 Representations and Warranties of Donor. Donor represents and warrants to JCSD that as of the date of this Agreement and as of the Close of Escrow:

2.2.1 Hazardous Substances. The Property is: (i) free from Hazardous Substances; (ii) contains no buried or partially buried storage tanks located on the Property; (iii)

has not been used for the generation, storage or disposal of any Hazardous Substance and no Hazardous Substance has been spilled, disposed of, or stored on, under, or at the Property; and (iv) has never been used as a dump or landfill;

2.2.2 Compliance with Law. The Property is in material compliance with all applicable Laws and Environmental Laws;

2.2.3 Leases. No leases, licenses, or other agreements allowing any third party rights to use the Property are or will be in force as of the Closing;

2.2.4 Litigation and Investigations. There is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Property, and Donor has received no notice, warning, administrative complaint, judicial complaint, or other formal or informal notice alleging that conditions on the Property are or have been in violation of any Laws or Environmental Laws, or informing Donor that the Property is subject to investigation or inquiry regarding the violation of any Laws or Environmental Laws.

2.2.5 Condition of Property. There are no natural or artificial conditions upon the Property or any part of the Property that could result in a material and adverse change in the condition of the Property;

2.2.6 Access to the Property. There is vehicular access to the Property either directly through a public right of way or through a recorded easement; and

2.2.7 No Insolvency Proceedings. Donor has not (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of any involuntary petition by its creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets; (iv) suffered the attachment or other judicial seizure of substantially all of its assets; or (v) admitted in writing its inability to pay its debts as they come due.

2.2.8 No Other Agreements, Undertakings or Tenancies. Donor will not enter into any agreements or undertake any new obligations prior to Close of Escrow which will in any way burden, encumber or otherwise affect the Property without the prior written consent of the JCSD.

2.2.9 Disclosure. Donor has disclosed to JCSD all information, records, and studies in Donor's possession in connection with the Property, including any reports or studies concerning Hazardous Substances. All information that Donor has delivered to JCSD, either directly or through Donor's agents, is accurate and Donor has disclosed all material facts concerning the operation, development, or condition of the Property.

Donor shall promptly notify JCSD of any facts that would cause any of the representations contained in this Agreement to be untrue as of the Close of Escrow. If JCSD reasonably concludes that a fact materially and adversely affects the Property, JCSD shall have the option to terminate this Agreement by delivering written notice to Donor and Escrow Agent. If JCSD terminates this Agreement pursuant to this Section, Escrow Agent shall cancel the Escrow and Donor shall be responsible for all costs of escrow.

2.3 Indemnity. Donor agrees to indemnify JCSD and agrees to defend and hold JCSD harmless from all loss, cost, liability, expense, damage, or other injury, including without limitation, attorneys' fees and expenses, to the fullest extent not prohibited by applicable law, and all other costs and expenses incurred by reason of, or in any manner resulting from (i) the breach of any warranties and representations in Section 2.2, and (ii) all third-party claims for Donor's intentional acts or willful misconduct related to the Property occurring prior to the Close of Escrow.

2.4 Definitions.

2.4.1 "Environmental Laws" means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance (as defined subsequently in this Agreement), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now in effect, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and the Superfund Amendments and Reauthorization Act of 1986 (SARA) [42 U.S.C.A. §§ 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) and the Solid Waste Disposal Act [42 U.S.C.A. §§ 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) [33 U.S.C.A. §§ 1251 et seq.]; the Toxic Substances Control Act (TSCA) [15 U.S.C.A. §§ 2601 et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 U.S.C.A. §§ 5101 et seq.]; the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) [7 U.S.C.A. §§ 136 et seq.]; the Clean Air Act (CAA) [42 U.S.C.A. §§ 7401 et seq.]; the Safe Drinking Water Act (SDWA) [42 U.S.C.A. §§ 300f et seq.]; the Surface Mining Control and Reclamation Act of 1977 (SMCRA) [30 U.S.C.A. §§ 1201 et seq.]; the Emergency Planning and Community Right-to-Know Act of 1986 (EPCRA or EPCRTKA) [42 U.S.C.A. §§ 11001 et seq.]; the Occupational Safety and Health Act of 1970 (OSHA) [29 U.S.C.A. §§ 655, 657]; the California laws regarding the underground storage of hazardous substances [H & S C §§ 25280 et seq.]; the Hazardous Substance Account Act [H & S C §§ 25300 et seq.]; the California laws regarding hazardous waste control [H & S C §§ 25100 et seq.]; the Safe Drinking Water and Toxic Enforcement Act of 1986 [H & S C §§ 25249.5 et seq.]; the Porter-Cologne Water Quality Control Act [Wat C §§ 13000 et seq.], and any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect that pertains to occupational health or industrial hygiene, and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

2.4.2 "Hazardous Substances" includes without limitation:

(i) Those substances included within the definitions of "hazardous substance," "hazardous waste," "hazardous material," "toxic substance," "solid waste," or "pollutant or contaminant" in CERCLA, RCRA, TSCA, HMTA, or under any other Environmental Law;

(ii) Those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the Environmental Protection Agency (EPA), or any successor agency, as hazardous substances [40 CFR Part 302];

(iii) Other substances, materials, and wastes that are or become regulated or classified as hazardous or toxic under federal, state, or local laws or regulations; and

(iv) Any material, waste, or substance that is: a petroleum or refined petroleum product, asbestos, polychlorinated biphenyl, designated as a hazardous substance pursuant to 33 U.S.C.A. § 1321 or listed pursuant to 33 U.S.C.A. § 1317, a flammable explosive, or a radioactive material.

3. Escrow. By this Agreement, JCSD and Donor establish an escrow (“Escrow”) with a reputable title company chosen by JCSD (the “Escrow Agent”), subject to the provisions of the standard conditions for acceptance of escrow and the terms and conditions in this Agreement, with a signed counterpart of this document to be delivered as escrow instructions to Escrow Agent. In the event of any conflict between the terms of this Agreement and the standard conditions for acceptance of escrow, the terms of this Agreement shall control. JCSD’s agent for matters related to the Closing of Escrow shall be the Executive Director or his designee.

4. Feasibility Period.

4.1 During the period commencing on the date of this Agreement and terminating on a date which is sixty (60) days from the date of this Agreement (“Feasibility Period”), JCSD may undertake an inspection of the Property. Said inspection may include: (i) a review of the physical condition of the Property, including but not limited to, inspection and examination of soils, environmental factors, Hazardous Substances, if any, and archeological information relating to the Property; and (ii) a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Property. Within ten (10) days following the full execution of this Agreement by both parties, Donor shall deliver to JCSD copies of all architectural plans, surveys, specifications, and other documents pertaining to the physical, geological, or environmental condition of the Property that are owned by or in the possession of Donor.

4.2 If JCSD’s environmental consultant requires additional time to determine the existence and extent of any Hazardous Substances on the Property, JCSD shall have the right, exercisable by delivering written notice to Donor prior to the expiration of the Feasibility Period, to extend the Feasibility Period for up to an additional sixty (60) days to complete the testing.

4.3 If JCSD disapproves of the results of the inspection and review or the results of any Phase I Environmental Report, JCSD may elect, prior to the last day of the Feasibility Period (or any extension thereof), to terminate this Agreement by giving Donor written notification prior to the last day of the Feasibility Period (or any extension thereof). If JCSD fails to properly notify Donor of the intent to terminate this Agreement, JCSD shall be deemed to be satisfied with the results of the inspection and shall be deemed to have waived the right to terminate this Agreement pursuant to this provision.

5. Access.

5.1 Access to the Property during the Feasibility Period shall be given to JCSD, its agents, employees, or contractors during normal business hours upon at least one (1) business day's notice to Donor, at JCSD's own cost and risk, for any purposes, including, but not limited to, inspecting the Property, taking samples of the soil, and conducting an environmental audit (including an investigation of past and current uses of the Property). JCSD shall indemnify and defend Donor against and hold Donor harmless from all losses, costs, damages, liabilities, and expenses, including, without limitation, reasonable attorney fees arising out of JCSD's entry onto the Property or any activity thereon by JCSD or its agents, employees, or contractors prior to the Close of Escrow except to the extent any such losses, costs, damages, liabilities, and expenses arise out of the gross negligence or willful acts of Donor. Any entry onto the Property by JCSD or its agents, employees, or contractors shall be at reasonable times. The provisions of this Section shall survive the Close of Escrow. Notwithstanding anything herein to the contrary, JCSD and Donor agree that JCSD shall not incur any liability hereunder merely by the discovery of an "Existing Adverse Condition" (as defined below) regardless of whether such Existing Adverse Condition, once revealed, negatively impacts the value of the Property or otherwise causes Donor to incur liabilities, costs or expenses. The term "Existing Adverse Condition" shall mean an adverse condition existing on or with respect to the Property that is discovered or revealed by JCSD in the course of its Property inspection hereunder.

5.2 In addition to the provisions of Section 4.1, JCSD and its agents, employees, or contractors shall have the right, from the date of this Agreement until the Closing Date, to contact any federal, state, or local governmental authority or agency to investigate any matters relating to the Property. Donor agrees to cooperate reasonably with JCSD and its agents, employees, or contractors in the inspection of the Property and agrees to deliver to JCSD all information in Donor's possession or control pertaining to the condition of the Property, including engineering and environmental reports, studies, tests, monitoring results, and related documentation.

6. Title.

6.1 Immediately following the execution of this Agreement by both Parties, JCSD shall cause Escrow Agent to issue to JCSD (with a copy to Donor) a preliminary report for an ALTA Standard Policy of Title Insurance, setting forth all liens, encumbrances, easements, restrictions, conditions, pending litigation, judgments, administrative proceedings, and other matters affecting Donor's title to the Property ("Preliminary Report"), together with copies of all documents relating to title exceptions referred to in the Preliminary Report.

6.2 Following the full execution of this Agreement by both Parties, JCSD may cause a survey and/or an ALTA Survey of the Property to be prepared by a registered surveyor or professional engineer ("Survey"). Donor agrees to deliver to JCSD, promptly following the full execution and delivery of this Agreement, copies of any survey of the Property in the possession of Donor.

6.3 JCSD shall approve or disapprove, in writing to Donor with a copy to Escrow Agent, each exception shown on the Preliminary Report and each encroachment, overlap, or boundary line dispute, or any other matter that materially and adversely affects title to the Property or that violates any law, rule, or regulation reflected on the Survey (each an "Exception")

within twenty (20) business days following the receipt of the Preliminary Report or the Survey, whichever is later. JCSD's failure to object within the twenty (20) day period shall be deemed to be a disapproval of the Exceptions. The Exceptions approved by JCSD hereunder shall be referred to as the "Approved Exceptions."

6.4 If any Exception is disapproved or deemed disapproved (each a "Disapproved Exception"), Donor shall have the right, but not the obligation, within thirty (30) days following expiration of the twenty (20) day period provided under Section 6.3 above, to cause each Disapproved Exception to be discharged, satisfied, released, or terminated, as the case may be, of record, and in a form that is reasonably satisfactory to JCSD and Escrow Agent, all at Donor's sole cost and expense. Donor agrees to deposit into Escrow the sum sufficient to discharge any Disapproved Exception that may be discharged only by the payment of money. If Donor is unable or unwilling to obtain a discharge, satisfaction, release, or termination of any Disapproved Exception within the period specified above, then this Agreement shall automatically terminate ten (10) business days after expiration of the 30-day period for curing the Disapproved Exceptions or after Donor advises JCSD in writing that Donor is unable or unwilling to cause such discharge, satisfaction, release, or termination, whichever occurs first, unless within such 10-business-day period JCSD waives in writing such Disapproved Exception, in which event such Disapproved Exception shall be deemed an Approved Exception under this Agreement. If this Agreement terminates pursuant to the foregoing sentence, then Donor shall pay all charges of the Escrow Agent in connection with this transaction, including the charges of the surveyor and environmental engineering company; and the Parties shall be relieved of all further obligations and liabilities to each other under this Agreement except as otherwise provided herein, and all funds and documents deposited with Escrow Agent shall be promptly refunded or returned, as the case may be, by Escrow Agent to the depositing Party. Anything above to the contrary notwithstanding, it is understood and agreed that JCSD's indemnity obligations under Section 5 shall not terminate upon termination of this Agreement pursuant to this or any other provision hereof.

7. Installation of Markers. Donor shall execute a "fixed price" or "not to exceed price" contract for the installation of survey markers and white pipes [at a minimum of six (6) feet in height] ("Installation Contract"). Survey markers shall be installed in accordance with Riverside County Ordinance 460, section 9.10 and Ordinance 461, section 21 (attached herein as Exhibit "B"). Donor shall deposit with Escrow Agent prior to Close of Escrow a copy of the Installation Contract and Escrow Agent shall retain in Escrow sufficient of Donor's funds to pay the Installation Contract, which payment may occur after the Close of Escrow. Donor shall provide JCSD and Escrow Agent with a Completion Notice, evidencing the completion of all work under the Installation Contract. Within thirty (30) days after receipt of such Completion Notice, JCSD shall provide written notice to Donor and Escrow Agent ("Installation Notice") that JCSD approves of all work done under the Installation Contract; or, in the alternative, such Installation Notice shall detail any objections which JCSD may have to the work done under the Installation Contract. If JCSD fails to provide any Installation Notice within thirty (30) days of receipt of any Completion Notice, then of all work done under the Installation Contract shall be deemed to have been approved by JCSD. Upon Donor's receipt of an Installation Notice containing objections or non-compliance issues, Donor shall arrange with the contractor to correct all items listed in the Installation Notice. Upon receipt of Donor's second Completion Notice (evidencing the correction of all items listed in JCSD's Installation Notice), JCSD shall have fifteen (15) days to provide a second Installation Notice to Donor and Escrow Agent. Should JCSD's second Installation Notice

contain any objections or corrections not yet satisfactorily completed, then Donor shall once again arrange for the remaining corrections. Upon completion, Donor shall once again issue a Completion Notice to JCSD and to Escrow Agent. In the event all objections and corrections have not yet been satisfied/completed, JCSD shall have the right to engage a different contractor to complete the work and Donor agrees to bear the costs for the different contract to complete the work described in JCSD's Installation Notice(s). Any contractor retained by Donor or JCSD under this Section 7 shall have a right of entry onto the Property. Escrow Agent's payment in full of the Installation Contract (directly to the contractor) shall only occur upon Escrow Agent's receipt of the following documents: (a) JCSD's confirmation to Escrow Agent that all work under the Installation Contract has been completed satisfactorily; and (b) conditional lien release by contractor (if required) for the full payment to be made under the Installation Contract.

8. Close of Escrow.

8.1 Title. Simultaneously with the Close of Escrow, Escrow Agent shall issue an ALTA Standard Policy of Title Insurance (formerly referred to as a CLTA Title Policy) ("Title Policy") in the amount of \$500,000, subject only to (i) liens for real property taxes, bonds, and assessments not then due, and (ii) the Approved Exceptions.

8.2 Donor's Deposits into Escrow. Donor shall deposit with Escrow Agent on or prior to the Close of Escrow the following documents:

(i) a grant deed in the form attached hereto as Exhibit "C" executed and acknowledged by Donor, conveying to JCSD good and marketable fee simple title to the Property, subject only to the Approved Exceptions ("Deed");

(ii) copy of the Installation Contract and the Completion Notice described in Section 7;

(iii) a copy of the development project's fence plan, as required by Section 9(v), below;

(iv) all funds required to be placed in escrow by Donor; and

(v) Donor's approval of the draft of Escrow Agent's closing statement.

8.3 JCSD's Deposits into Escrow. JCSD's approval of the Survey, and JCSD's approval of the draft of Escrow Agent's closing statement. JCSD shall deposit with Escrow Agent prior to or after the Close of Escrow, the documents related to the Installation Contract described in Section 7.

8.4 Closing Date. The conveyance of the Property to JCSD and the closing of this transaction ("Close of Escrow") shall take place within one hundred twenty (120) days ("Closing Date") following the establishment of an Escrow pursuant to Section 3 of this Agreement.

8.5 Closing Statements. No more than two days prior to the Closing Date, Escrow Agent shall deliver to JCSD and to Donor, for their respective approvals, drafts of Escrow Agent's closing statement showing all receipts and disbursements of the Escrow.

8.6 Closing Instructions. On the Closing Date (or any extension thereof), Escrow Agent shall close Escrow as follows:

(i) record the Deed (marked for return to JCSD) with the Riverside County Recorder;

(ii) issue the Title Policy;

(iii) prorate taxes, assessments, rents, and other charges as provided in Section 8.7 below;

(iv) retain an amount of Donor's funds sufficient to pay the contractor under the Installation Contract described in Section 7;

(v) prepare and deliver to both JCSD and Donor one signed copy of Escrow Agent's closing statement showing all receipts and disbursements of the Escrow;

(vi) If Escrow Agent is unable to simultaneously perform all of the instructions set forth above, Escrow Agent shall notify JCSD and Donor and retain all funds and documents pending receipt of further instructions jointly issued by JCSD and Donor.

8.7 Closing Costs and Prorations. Donor shall pay the following closing costs and prorations through the Close of Escrow:

(i) All governmental conveyancing fees and taxes due upon transfer of the Property, except that no documentary transfer tax will be payable with respect to this transaction, pursuant to Revenue and Taxation Code Section 11922;

(ii) The recording charges in connection with recordation of the Deed; except that this Deed is entitled to be recorded without a fee pursuant to Government Code Section 27383 because the Deed is for the benefit of a public agency;

(iii) All charges in connection with issuance of the Title Policy in the amount of \$500,000;

(iv) All costs associated by environmental reports, including the Phase I Environmental Site Assessment Report, and any further testing and reports which may be reasonably necessary as a result of such report;

(v) All charges related to any survey undertaken in connection with an ALTA Extended Policy of Title Insurance;

(vi) All charges in connection with the Installation Contract;

(vii) All charges in connection with removing any Disapproved Exceptions pursuant to Section 6.4 and to cure any defect in vesting in order to satisfy the condition set forth in Section 9(v); and

(viii) All fees and charges levied by Escrow Agent.

8.8 Real Estate Taxes, Bonds, and Assessments. Donor shall pay real property taxes at the Close of Escrow based on the most current real property tax bill available, including any additional property taxes that may be assessed after the Close of Escrow, regardless of when notice of those taxes is received or who receives the notice. Donor may seek reimbursement from the Riverside County Tax Assessor's office for any property taxes that have been assessed for a period after the Close of Escrow as JCSD is a public agency exempt from payment of such taxes. JCSD further agrees to cooperate with Donor to provide any necessary information to the Assessor's office in connection with such request for refund. All installments of any bond or assessment that constitutes a lien on the Property at the Close of Escrow shall be paid by Donor.

8.9 Possession. Possession of the Property shall be delivered to JCSD at the Close of Escrow.

9. Acceptance. The acceptance of the Property by JCSD and the Closing of Escrow (as defined in Section 8) are subject to the satisfaction of the following no later than the Closing Date:

(i) JCSD's approval of the condition of the Property as provided in Section 4 and title to the Property as provided in Section 6. In addition, Donor shall remove any debris or trash from the Property prior to the Close of Escrow;

(ii) The representations and warranties of Donor set forth in Section 2.2 shall be true and accurate as of the Closing Date;

(iii) Donor's performance of all obligations under this Agreement;

(iv) No adverse material change shall have occurred with respect to the condition of the Property from the end of the Feasibility Period through the Closing Date;

(v) JCSD's approval of the development project's fence plan; and

(vi) Escrow Agent being prepared to issue the Title Policy on the Close of Escrow, subject only to the Approved Exceptions.

10. The performance by the JCSD of its obligations under this Agreement shall relieve the JCSD of any and all further obligations or claims on account of the acceptance of the offer of dedication.

11. This Agreement and Escrow may be terminated by JCSD upon three (3) days written notice to Donor and Escrow Agent if the conditions to closing set forth in Section 9 have

not been fulfilled on or before the Closing Date. Upon termination by JCSD pursuant to this Section 11, Donor shall be responsible for all costs and expenses of Escrow Agent.

12. As used in this Agreement, notice includes but is not limited to, the communication of any notice, request, demand, approval, statement, report, acceptance, consent, waiver and appointment. All notices must be in writing. Notice is given either (i) when delivered in person to the person or company intended named below, or (ii) when sent via reputable overnight courier (such as Federal Express), addressed by name and addressed to the party or persons intended, as follows:

To JCSD: Jurupa Community Services District
11201 Harrel Street
Jurupa Valley, CA 91752
Phone: (951) 685-7434
Attention: General Manager

With copy to: Best Best & Krieger LLP
P.O. Box 1028
3390 University Avenue, 5th Floor
Riverside, CA 92502
Phone: (951) 686-1450
Attention: Michael Riddell

To Donor: Lennar Homes of California
4140 Temescal Canyon Road,
Suite 410
Corona, CA 92883
Phone: (951) 827-3517
Attention: Geoffrey Smith,
VP, Forward Planning

until such time as a party gives notice of the change of address in accordance with the terms of this section.

13. This Agreement shall not be changed, modified or amended except upon the written consent of the Parties hereto.

14. This Agreement is the result of negotiations between the Parties and is intended by the Parties to be a final expression of their understanding with respect to the matters herein contained. This Agreement supersedes any and all other prior agreements and understandings, oral or written, in connection therewith. No provision contained herein shall be construed against the JCSD solely because it prepared this Agreement in its executed form.

15. Donor, their assigns and successors in interest, shall be bound by all the terms and conditions contained in this Agreement, and all the parties thereto shall be jointly and severally liable thereunder.

16. This Agreement is not binding until executed by the President of the JCSD Board.

17. Notwithstanding any other provision of this Agreement or any other agreement between any of the Parties hereto, once the Property is conveyed to and accepted by the JCSD, the JCSD shall have no obligation to return the Property to the Donor under any circumstances, except in the sole and exclusive discretion of the JCSD.

18. This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

IN THE WITNESS THEREOF, the Parties have caused this Agreement to be executed by their duly-authorized representatives on the date and year set forth below.

DONOR:

JCSD:

Date: 10/17/2024

Date: _____

Lennar Homes of California, LLC, a California limited liability company

Jurupa Community Services District, an independent special district of the State of California

By: 
Geoffrey Smith, VP, Forward Planning

By: _____
Betty Folsom,
President of the Board

ATTEST: _____
Maria Ayala,
Executive Services Manager/
Secretary of the Board

ACKNOWLEDGMENT

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 Riverside

On 10/17/2024 before me, Kim Strutton, Notary Public
(insert name and title of the officer)

personally appeared Geoffrey Smith,
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 K Strutton (Seal)

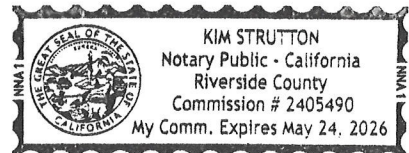


EXHIBIT "A"

REAL PROPERTY IN THE CITY OF EASTVALE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOTS 65, 68, 69 AND 70, INCLUSIVE, OF TRACT NO. 36775-2, IN THE CITY OF EASTVALE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 465, PAGES 96 THROUGH 104, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. AMENDED BY CERTIFICATES OF CORRECTION RECORDED MAY 24, 2022, AS INSTRUMENT NO. 2022-0239442 OF RIVERSIDE COUNTY RECORDS.

APN: 164-760-065 (AFFECTS LOT 65)

164-760-068 (AFFECTS LOT 68)

164-760-069 (AFFECTS LOT 69)

164-760-070 (AFFECTS LOT 70)

EXHIBIT B

JURUPA COMMUNITY SERVICES DISTRICT

SURVEY MONUMENT AND GPS SPECIFICATIONS

Survey monuments shall be installed in accordance with Riverside County Ordinance 460, section 9.10 and Ordinance 461, section 21. (See attached Exhibit B-1.) Unless otherwise specified by JCSD all monuments shall comply with criteria for Standard "A" monuments.

EXHIBIT B-1

<http://www.clerkoftheboard.co.riverside.ca.us/ords.htm>

Ordinance 460

SECTION 9.10. SURVEYS AND MONUMENTS.

A. At the time of making the survey for a final map or parcel map, the engineer or surveyor shall set sufficient durable monuments to conform to the standards described in section 8771 of the Business and Professions code and also comply with the requirements of Ordinance No. 461 and with the requirements of the County Surveyor.

B. All monuments for final maps and parcel maps shall be set prior to the recordation of the map. The land divider may execute a secured agreement or cash bond guaranteeing the setting of the monuments upon approval by the County Surveyor.

Ordinance 461

MONUMENTS

21.01 General Requirements: The subdivision boundaries, lot corners, road, street, highway centerline, angle points in all lines, beginning and end of all curved lines, shall be monumented in accordance with the hereinafter described standard monuments and procedures. Any monument having characteristics other than the hereinafter described may be used only upon written approval of the County Surveyor. If an existing record and identified monument is found on the ground at the location of a subdivision corner, this monument may be used in lieu of replacement with a new monument provided the existing monument is a type considered to be durable.

21.02 Standard "A" Monuments: This monument is to be one inch (inside diameter) iron pipe eighteen (18") inches long. A metal disc or plastic plug bearing the registered civil engineer or land surveyor number shall be securely affixed to the top of the pipe. The top surface of the monument shall be flush with natural ground, flush with surface in paved streets and twelve (12") inches down in unpaved streets.

21.03 Standard "B" Monuments: This monument is to be an eighteen (18") inch long copper clad steel pin to which is secured at one end a one and one-half (1-1/2") inch conical brass cap. The monument may be used as an alternate to the type "A" monument to mark centerline control on streets. The monument is to be driven flush with the street pavement. After setting the monument, the Registered Civil Engineer or Land Surveyor number shall be stamped into the surface of the brass cap. Modification of the above standard may be approved by the County Surveyor. See Standard drawing numbers 900 and 901 for further information.

21.04 Standard "C" Monuments: This monument to consist of a 2" x 2" x 18" long redwood stake cut from clear heartwood firmly set in the ground. The exact point of intersection of the lines shall be marked on the top center of the stake by a suitable tack or nail, which in turn shall be used to secure to the stake the metal disk bearing the Registered Civil Engineer or Land Surveyor Number. A 1/2" rebar, 18" long with appropriately stamped plastic cap may be used in place of a redwood stake. See monument schedule for use of this monument.

21.05 Standard "D" Monuments: This monument to consist of a 3/4" inside diameter x 18" long galvanized iron pipe, driven to a point not to exceed 1" above the natural ground surface.

The exact point of intersection of the lines shall be marked on the top center of the pipe by a suitable tack or nail, which in turn shall be used to secure to the pipe the metal disk bearing the Registered Civil Engineer or Land Surveyor Number of plastic plug with RCE or LS number with mark for exact point. See monument schedule for use of this monument.

21.06 Standard "E" Monuments: This monument to consist of lead plug or steel pin with metal Identification disk set in concrete curb. See monument schedule for use of this monument.

EXHIBIT C

GRANT DEED

[SEE ATTACHED]

Recorded at request of and return to:

Jurupa Community Services District
11201 Harrel Street
Jurupa Valley, CA 91752
Attn: General Manager

FREE RECORDING

This instrument is for the benefit of the Jurupa Community Services District, and is entitled to be recorded without fee. (Gov. Code, § 27383)

(Space above this line reserved for Recorder's use)

GRANT DEED

PROJECT: SENDERO PARK

APN: 164-760-065, 164-760-068, 164-760-069 & 164-760-070

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Lennar Homes of California, LLC, a California limited liability company, herein called "**Grantor**", hereby GRANTS to Jurupa Community Services District, an independent special district of the State of California ("**Grantee**"), the real property in the City of Eastvale, County of Riverside, State of California, described as:

LOTS 65, 68, 69 AND 70, INCLUSIVE, OF TRACT NO. 36775-2, IN THE CITY OF EASTVALE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 465, PAGES 96 THROUGH 104, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY. AMENDED BY CERTIFICATES OF CORRECTION RECORDED MAY 24, 2022, AS INSTRUMENT NO. 2022-0239442 OF RIVERSIDE COUNTY RECORDS.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the 17th day of October, 2024

Lennar Homes of California, LLC, a California limited liability company



Geoffrey Smith, VP, Forward Planning

ATTACH NOTARY ACKNOWLEDGEMENT

ACKNOWLEDGMENT

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.

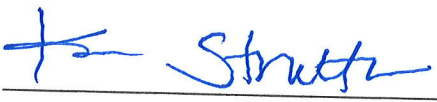
State of California
County of Riverside

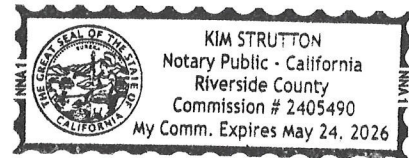
On 10/17/2024 before me, Kim Strutton, Notary Public
(insert name and title of the officer)

personally appeared Geoffrey Smith
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)



CERTIFICATE OF ACCEPTANCE

This is to certify that the real property conveyed by Lennar Homes of California, LLC, a California limited liability company, on the Grant Deed dated _____, 20__, to the JURUPA COMMUNITY SERVICES DISTRICT (Grantee), is hereby accepted by the undersigned officer on behalf of the Grantee, pursuant to authority conferred by the Board of Directors on _____, 2024, and the Grantee consents to recordation thereof by its duly authorized officer.

Dated: _____, 2024


GRANTEE:

JURUPA COMMUNITY SERVICES
DISTRICT, An independent special district of
the State of California


By: _____
Bart Moreno, President of the Board


Attest:

By: _____
Maria Ayala, Secretary of the Board


 Sendero Park

Property Owner

 Lennar Homes
164-760-065, 164-760-068
164-760-069, 164-760-070

 SC Limonite
164-730-086

1 inch = 200 feet
0 100 200 Feet

 N

Date Saved: 12/18/2024



Credit: RCT, Eagle Aerial

Path: \\g504\data\k\k\k\Finance\SenderoPark_ParcelsOwnership\APRX\SenderoPark_ParcelsOwnership_V3.aprx



COMMUNITY SERVICES DISTRICT

Proudly serving Jurupa Valley and Eastvale

To: Finance and Administration Committee

From: Finance and Administration Department

Date: January 9, 2025

Subject: Action/Discussion Item No. 3
Resolution No. 3460
General Manager Authority for Claims Filed Against the District

Legal Counsel and Staff Recommendation:

That the Finance and Administration Committee forward a recommendation to the Board of Directors to adopt Resolution No. 3460 superseding Resolution No. 2594, delegating authority to the General Manager to dispose of certain claims filed against the District.

Background:

Government Code sections 900 et seq. set forth general provisions regarding the processing of claims filed against public entities such as Jurupa Community Services District and authorize public entities to adopt local procedures not in conflict with state law. On July 13, 2015, the Board adopted Resolution No. 2594, delegating authority to the General Manager to approve in part or reject such claims up to the amount of five thousand dollars (\$5,000).

Discussion:

The attached Resolution revises the General Manager's authority to reject, allow, or settle claims filed against the District to up to the amount of the District's general liability policy deductible effective at the time of such claim. This change will yield efficiencies while also ensuring that claimants receive the benefit of a careful review of their claim. All claim decisions will be made in adherence to the general provisions set forth in Government Code sections 900 et seq. Settlement of any damage claim exceeding the amount of the District's general liability policy deductible will require Board approval of terms of settlement. A report is provided to the Board quarterly to keep the Board informed of the status and/or resolution of all claims filed against the District.

Strategic Plan Applicability:

The item above pertains to "Administration & Governance – # 2 Strategy" in the adopted JCSD Strategic Plan. The Board action ties into Tactic # 2.1 – Review existing policies for areas of improvement and broader development opportunities.

Action/Discussion Item No. 3
January 9, 2025
Page 2

Budget Impact:

There is no impact to the budget.

SP/jd/vt

Attachments: 1 – Resolution No. 3460 – Updated GM Authority

RESOLUTION NO. 3460

RESOLUTION OF THE BOARD OF DIRECTORS OF JURUPA COMMUNITY SERVICES DISTRICT DELEGATING AUTHORITY TO THE GENERAL MANAGER TO DISPOSE OF CERTAIN CLAIMS FILED AGAINST THE DISTRICT SUPERSEDING RESOLUTION NO. 2594

WHEREAS, Government Code sections 900 *et seq.* set forth general provisions regarding the processing of claims filed against public entities, such as Jurupa Community Services District ("District"), and authorize public entities to adopt local procedures not in conflict with state law; and

WHEREAS, Government Code section 935.4 authorizes this Board of Directors ("Board") to delegate to one or more members of District staff the authority for approving or denying claims filed with the District; and

WHEREAS, the Board has determined that authorizing the General Manager to review the validity of certain claims, up to a specified dollar amount, and to reject, allow, or compromise and settle such claims, will yield certain efficiencies while also ensuring that claimants receive the benefit of a careful review of their claims;

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

1. Pursuant to Government Code Section 935.4, the General Manager is hereby delegated the authority to review claims filed with the District, and to approve, approve in part or reject such claims, up to the amount of the District's general liability insurance policy deductible effective at the time such claims are filed.
2. All resolutions of the Board of Directors, or parts thereof, inconsistent with any provision of this Resolution are superseded by this Resolution to the extent of such inconsistency.
3. The Secretary of the Board of Directors shall attest to the adoption of this Resolution.

ADOPTED this 13th day of January 2025.

Betty Folsom
President of the Board of Directors

ATTEST:

Maria E. Ayala
Executive Services Manager/
Secretary to the Board of Directors

CERTIFICATION

I, Maria E. Ayala, Secretary of the Board of Directors of Jurupa Community Services District, certify that the foregoing resolution was adopted by the Board of Directors at a regular meeting held on the 13th day of January 2025, by the following vote of the Directors:

AYES:

NOES:

ABSENT:

ABSTAINED:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of Jurupa Community Services District this 13th day of January, 2025.

Maria E. Ayala
Executive Services Manager/
Secretary to the Board of Directors



COMMUNITY SERVICES DISTRICT

Proudly serving Jurupa Valley and Eastvale

To: Finance and Administration Committee
From: Finance and Administration Department
Date: January 9, 2025
Subject: Action/Discussion Item No. 4
Discussion on Revised Procurement Policy No. 2006-02

Staff Recommendation:

That the Finance and Administration Committee forward a recommendation to the Board of Directors to approve the revised Procurement Policy No. 2006-02.

Background:

The Procurement Policy was approved by the Board of Directors on June 12, 2006, and subsequently modified on May 29, 2007, March 9, 2009, June 22, 2009, May 10, 2010, July 14, 2014, October 15, 2019, July 27, 2020, March 22, 2021, and November 27, 2023.

Discussion:

The District's Procurement Policy is being updated to reflect the Deputy Director position recently approved by the Board. The policy has been amended to reflect the appropriate signing authority for this position.

Specific changes include:

- Added Deputy Director Position signing authority of \$50,000

Strategic Plan Applicability:

The item above pertains to "Administration & Governance – #2 Strategy" in the adopted JCSD Strategic Plan. The Board action ties into Tactic #2.1 – Review existing policies for areas of improvement and broader development opportunities.

Budget Impact:

There is no impact on the budget.

Action/Discussion Item No. 4
January 9, 2025
Page 2

SP/VM/vt

Attachments: 1 – Procurement Policy No. 2006-02 (Clean)
2 – Procurement Policy No. 2006-02 (Redline)

Jurupa Community Services District Policy No. 2006-02

Procurement Policy

General Purchasing Guidelines

General Provisions – The basic purchasing policy of the District is to obtain goods and services for operation at the lowest possible overall cost. This includes maintaining a purchasing system that ensures maximum use of fair and open competition and receipt of the best value for funds available, consistent with applicable laws and regulations. The purchasing functions are decentralized, with each Department responsible for compliance with District policies and procedures.

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SECTION 1: LEGAL BACKGROUND

Governance of the Jurupa Community Services District (District) is regulated by the Community Services District Law, recently amended, and recodified by Senate Bill 135 (Stat. 2005 ch. 249). (Gov. Code, § 61000 et seq.) The Community Services District Law, at Government Code section 61063 provides:

“(a) Each district shall adopt policies and procedures, including bidding regulations, governing the purchasing of supplies and equipment not governed by Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code. Each district shall adopt these policies and procedures by rule or regulation pursuant to Article 7 (commencing with Section 54201) of Chapter 5 of Division 2 of Title 5.

(b) A district may request the State Department of General Services to make purchases of materials, equipment, or supplies on its behalf pursuant to Section 10298 of the Public Contract Code.

(c) A district may request the purchasing agent of the principal county to make purchases of materials, equipment, or supplies on its behalf pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

(d) A district may request the purchasing agent of the principal county to contract with persons to provide projects, services, and programs authorized by this division pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.”

In addition, Government Code section 61060, subdivision (h) authorizes the District to “enter into and perform all contracts including, but not limited to, contracts pursuant to Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code.”

The Office of Management and Budget Uniform Grants Guidance Title 2, Subtitle A, Chapter II, Part 200, established general procurement standards, cost principles, and audit requirements for Federal awards, including awards which flow through a state to a subrecipient, that must be followed when procuring goods and services under a Federal award.

SECTION 2: PURPOSE

This policy provides uniform procedures for acquiring services and materials for the District to assure purchases are accomplished in a manner providing maximum benefit and minimum cost to the District.

SECTION 3: SCOPE

All purchases of services, materials, equipment, or supplies to be paid for by the District must adhere to the methods and dollar limits as outlined in this policy. This policy does not apply to non-discretionary operating expenditures such as, but not limited to, payroll, payroll benefits, utilities, fees, source water purchases, treatment charges and taxes. From time to time, the Board of Directors may provide direction that creates more restrictive purchasing definitions, methods of purchasing, delivery policy and dollar limits as documented in the approved Board minutes. If this policy is ever in conflict with Board directions, the direction of the Board shall govern until this policy can be revised to be consistent with the Board direction.

SECTION 4: POLICY

4.1 AUTHORITY AND DOLLAR LIMITS

The General Manager shall oversee and be responsible for all procurement and related expenditures by Department Directors and managerial staff within their departments.

General Manager (or designee)	\$100,000
Department Directors/Deputy Directors (or designee)	\$50,000
Department Managers/Superintendents/Advisors	\$25,000
Department Supervisors/Field Supervisors/Principal Engineer	\$12,500

Only the General Manager, Department Directors, Deputy Directors may delegate their authority in their absence. Such designations shall be in writing or electronic format, and the designation shall specify a period of time. The General Manager will inform the Board President whenever he/she delegates his/her authority. Department Directors and Deputy Directors will inform the General Manager whenever they delegate their authority.

SECTION 5: DEFINITIONS

5.1 DEFINITIONS: The following definitions shall apply as relates to this Policy.

- A. *Asset* – Items of a fixed durable or permanent nature used in the operations of the District with a purchase cost of \$10,000 or more.
- B. *Blanket Purchase Order (BPO)* – An agreement between the District and a vendor for goods and/or services for a set price on a recurring basis over a specified period of time.
- C. *Contract* – An agreement between the District and one or more parties that is enforceable by law to all parties that defines the specific terms and conditions of the work to be performed and/or the materials to be supplied.

- D. *Preferred Vendor* – any individual or organization providing materials or services to the District that has gone through Finance & Administration department review as a preferred vendor. This includes history of routine purchases during the past six months, supplies or services up to \$5,000, pricing is comparable to other local vendors, and amounts not to exceed \$100,000 in a fiscal year.
- E. *Piggyback Procurement* – Utilizing another public agency, county, state, city or public entity’s contract or agreement to obtain more advantageous prices and terms than can be otherwise obtained on the open market.
- F. *Professional Services* – Those activities performed by a consultant who possesses a high degree of expertise in a particular profession. This would generally include, but not be limited to, architectural, accounting/auditing, environmental, design, telemetry, technical, financial, legal, economic, and other administrative services.
- G. *Purchase Order* – An electronic document approved by an authorized person of the District that memorializes the prices and terms used to purchase materials, goods, and services from a vendor. An approved purchase order shall be considered a contract that binds the District in authorizing procurement with a vendor. Each department is responsible for issuing its own purchase orders.
- H. *Single Source* – A procurement where there is a compelling reason for only a preferred brand. Examples would be standardization, time schedule, technical expertise, follow-up to work on existing contract, quality of the product, etc.
- I. *Sole Source* – A procurement where only one viable source exists. Examples could be legal restrictions of patent rights, warranty issues, original equipment manufacturer, copyrights, etc.
- J. *System for Award Management (SAM)* – Combines the federal procurement systems and the Catalog for Federal Domestic Assistance (CFDA) into one system.
- K. *Trade Services* – Shall mean the repair, rental or maintenance of equipment, machinery, and other District-owned or operated property. This would generally include, but not be limited to, electrical work, air conditioning repair, asphalt work, tree trimming, and landscape maintenance.
- L. *“Uniform Guidance”* shall mean Title 2 of the Code of Federal Regulations (2 CFR) 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- M. *Vendor* – Any individual or organization providing materials or services to the District.

SECTION 6: PURCHASING PROCESSES

- A. No purchase will be approved or undertaken unless an appropriation has been established either through the adopted annual budget or Board approval of additional appropriations. Departments are responsible for monitoring their budgets.
- B. Purchases will not be bifurcated to avoid required procedures or established dollar limits.
- C. No District employee shall draft or cause to be drafted any specifications for bids in such a way as to intentionally limit the bidding directly or indirectly to any one bidder, except for a sole source or single source procurement where warranted.
- D. All departments are responsible for obtaining and maintaining their own contracts, bid proposals, and Requests for Proposals (RFP).
- E. Public works contracts shall be subject to competitive bidding as provided in the California Public Contract Code beginning with Section 20680. Contracts for maintenance or improvement of public facilities over \$1,000 require the District to ensure the contractor selected pays the vendor's employees' **prevailing wage** as required by the State of California. (In accordance with Labor Code Sections 1770-1773, additional information is available at www.dir.ca.gov/dlsr/pwd/index.htm).
- F. Cooperative Procurement – The District may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive bidding or solicitation process. The cooperative purchase must adhere to the District's authorization table in Section 4.
- G. Formal Bids – For purchases of \$100,000 or more, bids/proposals shall be solicited from a minimum of three vendors. An RFP or Invitation for Bids (IFB) must be used to document the specifications and requirements of the product or service. The bids must be received from the vendors in written form and retained on file. The Board must also approve the selected vendor.
- H. Informal Bids – For purchases of \$5,000 or more but less than \$99,999. A minimum of three bids are required. The bids must be documented and retained on file. The request for bids must be made in a consistent manner for all vendors meaning that all vendors must receive the same information regarding specifications and requirements of the product or service.
- I. Informal Quotes – For purchases less than \$5,000 but more than \$3,500. Quotes may be obtained through an informal process (e.g. web browsing, emails or phone calls), and documentation of the quotes is required.

- J. Internet Purchases – The District will utilize internet purchases as part of the procurement process wherever possible to take advantage of additional savings, adhering to the same purchase procedures and approval authority limits as set forth in Section 4.

6.1 PETTY CASH

Petty cash is used to advance or reimburse individuals for minor or emergency District business expenses in an efficient and cost-effective manner where it is impractical to use a purchase order, have a check issued beforehand, or use a District credit card. Petty cash may be used for minor purchases up to \$150 per occurrence or event and meeting and travel expenses. All travel expenditures more than \$150 per travel event must be reported on the District's Expense Report and will be reimbursed through Accounts Payable. Business mileage is the travel an employee incurs beyond normal commute mileage (from home to the office and home again) on a normal workday.

A District employee who incurs reimbursable out-of-pocket expenses, or requires an advance, may seek approval of a petty cash request from any supervisor or manager who has knowledge of the expense. Any individual utilizing District cash is responsible for completion of the Petty Cash Request form and for providing original itemized receipts and adequate documentation of the funds used.

Change Fund – An amount of cash held by a department used to give change to customers when they are paying for goods or services. Change funds are restricted to cash receipting activities. No purchases can be made from these funds.

Custodian – A custodian is responsible for safeguarding and maintaining the petty cash fund or change fund. Maintaining the fund consists of disbursing funds, obtaining receipts, reconciling, and replenishing the fund. When the petty cash or change fund is no longer necessary, the custodian is responsible for ensuring that it is reconciled and closed.

6.1(A) ESTABLISHED PETTY CASH AND CHANGE FUNDS

1. The District currently has one established petty cash fund at the main District office in the amount of \$4,500.
2. There are eight change funds totaling \$2,450. Customer Service Department maintains seven (7) cash fund register boxes in the amount of \$100 each, one (1) change fund box of \$1,750. The change fund box consists of bills and coins.

6.1(B) RESPONSIBILITIES OF CUSTODIAN

1. Safeguarding the funds – The fund should be the responsibility of one person,

the custodian, and always secured in a locked location. At no time should the custodian keep the fund in their personal possession, deposit in their personal bank account, or take to their home for safekeeping. In case of theft, the custodian must notify the Director of Finance & Administration immediately.

2. Accounting for transactions – Custodians must support all disbursements with proper documentation, i.e. an original invoice or vendor register receipt, with a written notation clearly indicating the business purpose of the purchase. Meal reimbursements should indicate the names of meal attendees. Petty cash expenditures are subject to District policies and procedures related to proper expenses, authorization, accounting, and documentation. Petty cash must not be used for salary advances, personal loans, debit or credit card reimbursements of non-business purchases, cashing of personal checks, payment of vendor invoices for goods or services, sales tax, alcoholic beverages, donations, or contributions.
3. Reconciling the funds – The custodian must reconcile the petty cash before replenishing, changing the custodian or amount, or closing the fund. Petty cash should be reconciled on a bi-weekly basis or more frequently as needed. The custodian of change funds must reconcile cash register boxes daily and change boxes on a bi-weekly basis.
4. Replenishing the funds – When the petty cash in the fund is low, the custodian must submit a check request and obtain approval from a Customer Service or Finance & Administration Department Manager to replenish the fund.

Revision of fund or change in custodian – Funds must be completely reconciled and accounted for before approval of any changes. Notification must be made to the Director of Finance & Administration.

6.1(C) REVIEW OF PETTY CASH OR CHANGE FUNDS

1. Audits - All petty cash and change funds are subject to periodic audits. Custodian shall conduct a self-audit of the fund. Finance & Administration Department may conduct onsite audits at any time, without prior notice.
2. Revocation of Funds - Misuse or improper accounting of the fund will result in disciplinary action in accordance with the District's Personnel Manual.
3. Closing the Petty Cash or Change Fund - If a department no longer requires a petty cash or change fund, the Director of Finance & Administration shall be notified.

Procedure

Assign a custodian – The assigned custodian of the department is responsible for safeguarding and accounting for the fund. The custodian remains accountable for the fund until custody is transferred to another employee.

Maintain the fund – The custodian is required to maintain the fund by performing the following functions:

1. Enforce policy and procedures governing the receipt, handling, custody, and disbursement of District petty cash/change fund;
2. Reconcile the fund before replenishing, changing the custodian or amount, or closing the fund;
3. Replenish the fund by submitting a check request to the Finance & Administration Department when needed; and
4. Report discrepancies to the Director of Finance & Administration using the “Overage & Shortage” form.

General ledger maintenance – The Finance & Administration Department is responsible for reconciling general ledger transactions on a quarterly basis.

Closing the fund – If the fund is no longer necessary, once reconciled, the remaining cash shall be deposited and reported to the Finance & Administration Department. The Finance & Administration Department will ensure that appropriate journal entries are made in the general ledger.

The General Manager and/or the Director of Finance & Administration will determine in writing who will be responsible for each petty cash box used by the District and the dollar amount to be kept in each petty cash box. The District puts the following limitations on the use of the petty cash reimbursements:

1. Petty cash reimbursements will be limited to reimbursing employees and other designated officials of the District.
2. The General Manager will set the reimbursement amount limit and approval authorizations by written memorandum.
3. The General Manager and Department Directors may not sign for the approval of their own reimbursements. Such individuals must obtain the approval of another Department Director or the General Manager.

6.2 CHECK REQUESTS FOR ITEM NOT NEEDING A PURCHASE ORDER

The check request method is used to request payment for items when the vendor does

not accept a purchase order, the amount exceeds petty cash limits, and/or there is no ability to have an invoice submitted. Some examples include disbursement related to payroll, C.O.D. deliveries, education reimbursements, conference expenses, and permits. Check request disbursements will have the following limitations except as otherwise noted by this policy:

- A. Except for payroll-related items, disbursement amounts will not exceed the authorization limits set forth in Section 4.
- B. Check request disbursements may not be used to substitute for a purchase order.
- C. Check request disbursements may not be made to a contractor performing work under a public construction contract whereby the disbursement will exceed the prescribed limit of payments under the construction contract. (see section 6.14H for public construction change order guidelines)
- D. Check request disbursements for land purchases, right-of-way acquisitions, and easements must be approved through the Board process with the District Legal Counsel's input regardless of dollar amount. The check request is subsequent to the Board action.
- E. Except for the payment of taxes and court-ordered prescribed garnishments, all payroll-related disbursements must derive from a contract or benefit approved by the Board.

6.3 CREDIT CARD PURCHASES

The District's credit card purchasing tool is designed to eliminate the need for small dollar purchase requisitions, vouchers, and reimbursements. This program is also designed to improve efficiency when processing and completing low-dollar purchases of approved commodities from vendors/suppliers that will accept a credit card.

Credit cards are issued to District staff upon approval and at the discretion of the General Manager. (Typically, this is limited to the General Manager and the executive staff.) These cards may be used in lieu of petty cash, emergency purchase orders, manual checks, or for purchasing materials and services for less than **\$5,000**. The cardholder agrees to comply with all applicable District policies and procedures.

The credit card purchase documentation should include the date of transaction, the purpose of the transaction and, if for business meal meetings, the names of the persons receiving meal service and description of District business topics.

US BANK GOVERNMENT SERVICES

The US Bank Government Services has provided the dual control of the credit card authorization system: the cardholder and the approving official. The approving official cannot be the cardholder or vice versa. The approving official is the District's Treasurer.

The approving official is required to look at each cardholder's purchases and determine if these items are allowed to be purchased in accordance with this policy. If there is a question regarding the purchase, it is the approving official's responsibility to talk with the cardholder. If he/she cannot satisfactorily explain how the purchase was necessary and for official use, then the cardholder must provide a credit voucher proving that the item(s) have been returned for credit or a personal check for the full amount of that purchase. Improper use of the card will result in the procurement card privilege being taken away and possible disciplinary action.

The US Bank Government Services program has some merchants "blocked" from usage for security purposes and, as a result, the transaction will be declined. If a transaction is declined, the cardholder will need to notify the approving official. The approving official will notify the bank who then has the responsibility of contacting the merchant.

6.3.1 CREDIT CARD PURCHASE VIOLATIONS

Credit card purchase violations include, but are not limited to:

- Purchase of items for personal use
- Use of the credit card for cash advances
- Exceeding bank credit line limit
- Use of the credit card for purchase of more than \$5,000 by splitting purchases into more than one transaction
- Failure to return the credit card when an employee is reassigned, resigned, terminated or upon request
- Failure to turn in packing slips, receipts, or other backup documentation to the Finance & Administration Department within 30 days of the purchase

Employee violations of any policy regarding the purchase of goods or services will be investigated and may result in either one or more of the following actions: written warning, revocation of credit card privileges, cancellation of purchasing authority, disciplinary action, termination, and/or criminal prosecution.

6.4 PURCHASES LESS THAN \$3,500

No purchase order is required for purchases of materials and supplies under \$3,500; a handwritten purchase requisition will suffice.

- A. An employee must obtain authorization from a supervisor for the purchase of items under \$3,500.

- B. Once authorization is obtained, a supervisor must approve the invoice before being submitted to the Finance & Administration Department for payment.
- C. Backup documentation (i.e., check request for or email approving purchase) should be attached to the invoice.

6.5 PURCHASE ORDERS

Purchase orders are the preferred method for contractual services that are more than \$3,500 and for procuring materials and supplies up to \$100,000. The following limitations are applied to the use of Purchase Orders:

- A. All purchase orders must be authorized by an individual with the proper dollar authorization as noted in this policy.
- B. Regular purchase orders will be used for contractual services that are more than \$3,500 and for procuring materials and supplies up to \$100,000.
- C. Prior to the authorization of procurement of \$3,500 or more, District staff must have two informal quotes for purchases between \$3,500-\$4,999; and three informal bids on amounts \$5,000-\$99,999 with a clear description of materials and/or scope of work associated with procurement.
- D. Procurement of materials and contractual services in excess of \$3,500 will be consistent with the Uniform Commercial Code.
- E. Procurement of items for the District in excess of \$5,000 must be in writing.

6.6 PURCHASES OF MATERIALS AND SUPPLIES GREATER THAN \$3,500 AND LESS THAN \$100,000

General – Provide guidelines for the purchase of general supplies, materials, and equipment. General supplies, materials, and equipment shall consist of any and all tangible items necessary for day-to-day operations excluding any goods purchased as part of a Public Works Project (see below). When goods and services are purchased together, this section shall apply if the majority of the purchase is for goods.

6.6.1 INFORMAL QUOTES/BIDS

- A. No quotes are needed for purchases of \$3,500 or less, but comparative shopping on common items is advised.
- B. For purchase orders of routine items of up to \$5,000 on the approved vendor list, informal quotes are not needed.
- C. Except as provided in Section 6.6.1.B. above, for purchase orders of items from \$3,500 to \$4,999, departments must obtain two (2) informal quotes (includes online quotes) and electronically attach product specifications to purchase order. If two

informal quotes cannot be obtained, a written explanation as to why two quotes were not obtained needs to be documented in the “notes” section of the purchase order.

- D. For purchase orders of items from \$5,000 to \$99,999, departments must obtain three (3) written informal bids and electronically attach product specifications to the purchase order. Documented e-mails and faxes are acceptable. If three informal bids cannot be obtained, a written explanation as to why three quotes were not obtained must be documented in the “notes” section of the purchase order.
- E. For purchases greater than \$100,000, a formal bidding process must be followed, and the Board must approve the selected vendor.

6.6.2 PURCHASE PROCEDURES

- A. Each department will prepare purchase orders for items being charged against their expense accounts. All purchase orders will be prepared by the requesting department. The pricing, item description, vendor information (name, address, phone number), date, and account coding must be indicated on the purchase order. A shipping point should always be listed on the purchase order.
- B. Each completed purchase order will be routed directly to the appropriate person based on department and the dollar amount of the purchase order for approval (Section 4: Policy).
- C. Purchase orders for procurements of \$100,000 or more must indicate the District’s Board meeting where it was approved and must be sent to the Secretary to the Board of Directors for approval in New World Systems after the Board’s approval. For items generated out of the Board/GM Services Department, the Finance Manager will approve items over \$100,000 approved by the Board.
- D. The General Manager and the Department Directors may authorize purchases and contractual services that cost \$100,000 or more for emergencies that threaten District personnel or property or the safety of the general public. An emergency is an event which adversely affects the ability of the District to carry out its functions, or puts District personnel or property in jeopardy, or which jeopardizes the health or safety of the community and its residents. Competitive bidding requirements are suspended for such emergency situations. Emergency procurements of \$100,000 or more must be submitted for ratification by the District Board as soon as practical, but at least within 45 days after their completion.

6.7 PURCHASES OF PROFESSIONAL/TRADE SERVICES GREATER THAN \$3,500 AND LESS THAN \$100,000

- A. Purchase orders must have service contracts or proposal letters attached. Professional/trade services totaling more than \$50,000 must be pre-approved by the General Manager before undertaking informal bid requirements.
- B. The District will use a standard prescribed contract as drafted by District Legal Counsel for all professional/trade services costing \$5,000 or more.
- C. Prior to the authorization of procurement of \$3,500 or more, District staff must have two informal quotes for professional/trade services between \$3,500-\$4,999; and three informal bids on amounts \$5,000-\$99,999 with a clear description of scope of work associated with procurement. This does not apply to Board approved professional on-call services.
- D. Departments may prepare the standard prescribed contract with the scope of work as an exhibit for submission to their department.
- E. All professional/trade services contracts must be signed by the General Manager or his or her designee.
- F. The original signed contract should be forwarded to the Records Retention Department. A copy of the contract should be retained by the department managing the contract and provided to Accounts Payable for payment verification.
- G. Professional/trade services costing over \$100,000 are required to go through a formal RFP process and must be approved by the Board.
- H. The District will require that vendors providing professional/trade services of \$25,000 or more maintain general liability insurance of \$1,000,000 and name the District as an additional insured.
- I. Any changes or amendments to contracts over the General Manager authority must be approved by the Board.

6.7.1 PROCUREMENT REQUIREMENTS TABLE

Procurement Requirements Table (amounts excluding sales tax)			
Purchase	Procurement	Refer to Page	Required
\$0-\$3,499	No Quotes Needed	11	Requisition
\$3,500-\$4,999	Two Informal Quotes	12	Purchase Order ≥ \$3,500
Up to \$5,000	On Approved Vendor List - No Quotes Needed	12	Purchase Order ≥ \$3,500
\$5,000-\$99,999	Three Informal Bids	12	Purchase Order ≥ \$3,500
\$100,000 +	RFP/Formal Bids	13	Purchase Order ≥ \$3,500

6.8 SINGLE OR SOLE SOURCE PURCHASES

A single source purchase is any acquisition which restricts the District to one vendor or one brand. The District may make a sole source purchase if it is not practicable to obtain competitive quotes due to any of the following circumstances:

- A. Vendor is uniquely qualified to provide the product or service;
- B. Item is a component or replacement part for which there is no commercially available substitute, and which can be purchased only from the manufacturer or distributor;
- C. Technical support agreements restrict the District to one vendor;
- D. Emergency purchase; or
- E. The District has a compelling and valid interest in selecting a particular vendor.

6.8.1 PURCHASE PROCEDURES

- A. Purchase orders for items from \$3,500 to \$50,000 to vendors based on sole/single source require approval from the Department Director and the Director of Finance & Administration. Approvals must be obtained prior to initiating the service or ordering the item. The Sole Source Purchase Justification form must be provided to support reasons for sole/single source purchasing.
- B. Purchase orders for items from \$50,001 to \$99,999 to vendors based on sole/single source need approval from the Department Director and the General Manager. Approval must be obtained prior to initiating the service or ordering the item. The Sole Source Purchase Justification form must be provided to support reasons for sole/single source purchasing. It is recommended to obtain from the vendor, if possible, a letter stating that they are a sole source vendor.

6.9 BLANKET PURCHASE ORDERS (BPO)

A blanket purchase order (BPO) is a simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply.

- A. The use of a BPO does not exempt employees from the responsibility for keeping obligations and expenditures within available funds.
- B. BPOs are generally utilized for operations and maintenance, unless otherwise defined by Director of Finance & Administration or Finance Manager.
- C. BPO authorization thresholds will be in accordance with the Procurement Authorization Table and will typically be issued prior to the beginning of each fiscal year.

The Finance/Accounting department may establish a BPO when:

- A. The District needs small, repetitive purchases and the supplier does not accept line of credit. (i.e. office supplies)
- B. There are a wide variety of items or services that are regularly purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably.
- C. The use of BPOs would avoid issuance of numerous purchase orders.
- D. The Finance & Administration department will establish annually a list of vendors that qualify for BPO's.

After determining a BPO would be advantageous, the Finance & Administration department shall:

- A. Determine if a BPO will limit purchases to individual items or services or permit the vendor to furnish any supplies or services as requested by staff.
- B. Determine the method for selecting the vendor based on competitive requirements as established herein.
- C. Establish an annual amount for the BPO and set limits to be spent per transaction if applicable.

BPOs may be established with:

- A. More than one vendor for supplies or services of the same type to provide maximum practicable competition.
- B. A single vendor from which numerous individual purchases will likely be made in a given period.

Preparation of BPOs

The following terms and conditions are mandatory for each BPO:

- A. Description of agreement: A statement that the vendor shall furnish supplies or services, described in general terms, if and when requested during a specified period.
- B. Extent of obligation: A statement that the District will only compensate vendor for authorized purchases actually made under the BPO and the issuance of the BPO does not guarantee that any purchases will be made.
- C. Purchase limitation: A statement that specifies the maximum dollar expenditure under the BPO and may specify the maximum expenditure for individual purchases.
- D. Delivery tickets: A requirement that all shipments under the BPO shall be accompanied by delivery tickets or sales slips that contain the following minimum information:
 - E. Name of vendor.
 - F. BPO number.
 - G. Date of purchase.
 - H. Itemized list of supplies or services furnished.
 - I. Quantity, unit price, and extension of each item, less applicable discounts.
 - J. Date of delivery or shipment.
 - K. Name and employee number of employee who requested the order.

Review Procedures

The Finance & Administration department shall review BPO files at least annually to ensure that authorized procedures are being followed and, if necessary, renew the BPO at that time.

- A. The District reserves the right to solicit additional vendors and issue additional BPOs should it become aware of changes in market conditions, sources of supply, and other pertinent factors that warrant changing or adding vendors.

Completion of BPOs

- A. An individual BPO is complete when purchases made equal its maximum expenditure amount (as may be amended) or when its stated time period expires.

6.10 PROCUREMENTS UNDER GRANT AWARDS

Federal, state, county, and other grant programs are vital resources for funding projects that the District may otherwise not be able to accomplish without funding from granting entities.

This section will apply to any federal or state funding sources including, but not limited to, grants paid through a state agency, funding through Federal sources, state revolving fund loans with discounted interest rates, or other pass-through grant awards paid by a state agency, but funded by federal awards.

6.10.1 ROLES AND RESPONSIBILITIES

Applicant Department Responsibilities:

- A. Monitor and identify grant opportunities that are consistent with the mission and goals of the District.
- B. Preparation and submission of grant proposals to Department Director for review and approval.
 - a. This shall include required completed application forms, completed required schedules or data request to be filed with application, completed District forms to adjust departmental budget(s) as needed, and any other information deemed necessary for making a decision on the grant application
- C. After being approved by the Department Director, provide the General Manager with an overview of the grant opportunity being considered.
- D. Develop an implementation plan for the grant award and notify affected departments that may be involved in completing specific tasks associated with applying for and implementing the grant program.
- E. Ensure reporting requirements for grant awards are satisfied as outlined in the grant award documents or agreements.
- F. Maintain financial records and other documentation in accordance with grant requirements.
 - a. Copies of all records related to the application, awarding, and spending of grant awards should be provided to the Finance & Administration Department.
 - b. Final grant package should be accompanied by a completed District Grant Award Summary form.
- G. Provide the appropriate Board Committee with updates regarding the status of active grants and the progress of the program/project.
- H. Ensure the grant award is properly closed out based on the language stated in the grant award documents or agreement.

General Manager

- A. The General Manager shall make the final determination whether the District will pursue a specific grant.
- B. The General Manager is the only authorized person to sign or be listed as the authorizing agent on the grant application.

6.10.2 METHODS OF PROCUREMENT UNDER GRANT AWARD

The District shall use the methods of procurement outlined in Uniform Guidance and adhere to the requirements for each respective method used. Any changes made to Methods of Procurement (2 CFR 200.320) within the Uniform Guidance shall become effective in this policy.

6.10.3 GRANT RENEWAL AND GRANT CONTINUATION

Existing grant awards or grant programs must be evaluated at the end of the initial grant period. Considerations for continuing or renewing a grant include impacts on operational efficiency, cost-benefit analysis, performance expectations, or other appropriate measures of performance critical to making a decision on renewing or continuing a grant program.

6.10.4 FEDERAL AWARDING AGENCY OR PASS-THROUGH AGENCY REVIEW

The District shall make available for review any pre-procurement information requested by a federal awarding agency or pass-through agency. Information must be furnished to reviewer entity upon request and the procedures for providing the requested information must be in compliance with the standards and procedures stated in Uniform Guidance.

6.10.5 FEDERAL DEBARMENT & SUSPENSION

The District must ensure that any goods or services expected to be funded by federal awards must be procured from a vendor that has not been debarred or suspended from receiving federal funds. This verification process must be completed prior to considering the vendor for a program or project funded by a federal grant. Verification of vendor status must be completed through www.sam.gov/content/exclusions. Any potential vendor found on this list must not be considered for the grant funded contract.

6.10.6 MATCHING OR SHARED FUNDS

- A. Grants that require the District to match or share the cost of a program must be approved by the Board of Directors.
- B. If the Board of Directors approved the project or program through the budget or capital improvements process, then funding for the project or program is considered to have been approved by the Board of Directors.

6.10.7 STAFF POSITIONS OR CONTRACTS FUNDED BY GRANTS

- A. It is the policy of the District that any newly-created staff positions funded by grants or related contracts shall be eliminated upon termination of associated grant funding.
- B. When applicable, grant-funded positions shall be added and deleted through Human Resources' process and procedures.

6.10.8 RECORDS RETENTION

- A. Per the District's Resolution No. 2250 Records Retention and Disposition Procedure, records pertaining to grants shall be kept for the life of the grant plus seven years or longer if required by the grantor.

6.11 UNAUTHORIZED PURCHASES

Purchase orders shall be issued prior to ordering supplies, equipment, and services and not "after the fact" for work already done or materials already ordered.

Except for emergencies, departmental purchases, or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without an authorized purchase order. Otherwise:

- A. Such purchases are void and not considered an obligation of the District.
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid.
- C. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract and may be subject to disciplinary actions.

6.12 CONTRACTS NOT REQUIRING BOARD APPROVAL

The District recognizes that at times it may be best served to use a bi-lateral contract for the purposes of securing contractual services or specialized supplies. For this reason, the District will use written contracts for all contractual services in excess of \$10,000 with the following limitations:

- A. District officials will use a standard prescribed contract as drafted by District Legal Counsel or a form of contract reviewed and approved by Legal Counsel.
- B. District Legal Counsel may designate the use of certain standard professional agreements used by the following industries: engineering, architectural, auditing and any other industry as determined by District Legal Counsel. However, all such agreements cannot diminish the District's need for insurance coverage in the form prescribed by District Legal Counsel.

- C. From time to time, the General Manager or District Legal Counsel may prescribe the need for professional liability insurance or errors & omission coverage on any contractual services regardless of dollar amount.
- D. Contractual agreements will be used for specialized supplies whereby the District may be better protected in regard to warranties as determined by the General Manager. The District will be better protected for the enforcement of warranties if the vendor agrees to them in writing.
- E. Contractual agreements for services in excess of \$25,000 typically require the vendor to provide at least \$1,000,000 in general liability insurance for the District, although such insurance coverage may be required for smaller contracts as well, depending on the nature of the work. The insurance requirements for contractual agreements should comply with the insurance required under section 6.13 (G).
- F. This should comply with Section 6.13 (G) insurance requirements as described.

6.13 CONTRACTS REQUIRING BOARD APPROVAL

The District recognizes that at times it may be best served to use a bi-lateral contract for the purposes of securing contractual services or specialized supplies. Whenever applicable, the District will utilize a competitive process and use Request for Qualifications/Proposals (RFQ/RFP) in securing contracts for services and supplies. The District will use written contracts for all contractual services and the procuring of specialized supplies with the following limitations:

- A. Contracts for the procurement of services or specialized supplies of \$100,000 or more shall be approved by the Board. Or a projected cumulative annual total of \$100,000 or more after Board approval shall be approved by the Board.
 - 1. Example – District awarded contract to engineering firm in the amount of \$70,000 for project #1. The contract would require General Manager's approval. The District requires help from the same engineering firm but for a different project. Another contract is issued for project #2 for \$40,000. This requires Director approval and the General Manager approval, to sign the contract. Since work is not connected to project #1 it does not require Board approval. However, if the work was for the same project #1, it would require Board approval as the cumulative amount is over the General Manager's authority. (First contract of \$70,000 plus second contract of \$40,000 cumulatively is \$110,000 over the General Manager's authorization of \$100,000).
- B. District officials will use a standard prescribed contract as drafted by District Legal Counsel or a form of contract reviewed and approved by Legal Counsel.
- C. District Legal Counsel may designate the use of certain standard professional agreements used by the following industries: engineering, architectural, auditing, and any other industry as determined by District Legal Counsel. However, all such

agreements cannot diminish the District's need for insurance coverage in the form prescribed by District Legal Counsel.

- D. District Legal Counsel may designate the use of certain standard maintenance and service agreements used by the following industries: landscape maintenance, janitorial, and uniform cleaning and similar type maintenance services, and any other industry as determined by District Legal Counsel. However, all such agreements cannot diminish the District's need for insurance coverage in the form prescribed by District Legal Counsel.
- E. From time to time, the General Manager or District Legal Counsel may prescribe the need for professional liability insurance or errors & omission coverage on any contractual services.
- F. Contractual agreements will be used for specialized supplies whereby the District may be better protected in regard to warranties as determined by the General Manager. The District will be better protected for the enforcement of warranties if the vendor agrees to them in writing.
- G. Contractual agreements for services will require the vendor to provide commercial general liability insurance with limits no less than \$1,000,000 per occurrence and twice the occurrence limit in aggregate. The District reserves the right to require increased coverage depending on the work to be performed. The general liability policy will include an endorsement to state that (1) the District, its directors, officials, officers, employees, and agents shall be covered as additional insured with respect to the work or operations performed by or on behalf of the consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, and agents, or if excess, shall stand in an unbroken chain of coverage excess of the consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, and agents shall be excess of the consultant's insurance and shall not be called upon to contribute with it in any way. Contractual agreements for services will also provide for automobile liability insurance, workers' compensation and employer's liability coverage as deemed prudent by the Director of Finance and Administration and the General Manager.
- H. Contract terms will be noted and will be based on the nature of the contractual services or supplies contracted for.
- I. The General Manager's office (or designee) will issue a notice of award for all agreements authorized by the Board.

6.14 PUBLIC CONSTRUCTION CONTRACTS

The District will adhere to the statutes and regulations as prescribed by the Public Contract Code with the additional following limitations:

- A. The Department of Engineering & Water Resources will be in charge of bidding public works projects of \$25,000 or more. All departments will work cooperatively with the Engineering & Water Resources Department in preparing specifications for their projects. The Engineering & Water Resources, Operations, and Parks Department will keep the Finance & Administration Department informed of the progress of all projects that are going out for bid.
- B. After the Board awards a public works contract, Engineering & Water Resources Department will submit a standard District construction contract with a bid summary to the General Manager within 10 days following the Board's approval. The General Manager will sign two original construction contracts, one for the District and one for the contractor. The original signed contract will be kept by the Records Retention Department.
- C. Copies of the signed contracts will be sent to the Finance & Administration Department and the Engineering & Water Resources Department. Bid specifications need not be forwarded to the General Manager's office, since the Engineering & Water Resources Department maintains the original bidding files for all public works projects.
- D. Public construction contracts of \$100,000 or more shall be submitted to the Board for approval.
- E. Public construction contracts in excess of \$25,000 will require the contractor to provide at least \$1,000,000 in general liability insurance coverage for the District per occurrence and twice the occurrence limit in aggregate. The insurance requirements for public construction contracts should comply with the insurance required under section 6.13 (G). Additionally, public construction contracts in excess of \$25,000 are required to purchase a payment bond. The District reserves the right to require such coverage for smaller contracts as well, depending on the nature of the work.
- F. The General Manager or District Legal Counsel may prescribe higher general liability insurance amounts for larger construction projects.
- G. The General Manager may prescribe additional written procedures and limitations for public construction work that is less than the above-noted amount.
- H. Contract Change Orders – General Manager can approve construction change orders up to his/her authorization level of \$100,000. Any change orders above this amount must be approved by the Board.
 - 1. A change order above the limit described above may be authorized by the General Manager prior to Board approval if one of the following circumstances exist:

- a. A delay in change order authorization could result in a negative financial impact to the District.
 - b. A delay in change order authorization could result in damage to or impairment of the operation of a District facility.
 - c. An emergency exists which requires immediate work/services.
2. Change orders approved pursuant to Section 6.14 H(1) above must be ratified by the Board as soon as practical, but as least within 45 days after their approval.
 - I. For procurements funded by a federal or state loan or grant, or a State Revolving Fund (SRF) loan, in addition to the grant award's specific terms and conditions, the relevant federal Uniform Guidance or the 2 CFR 200 requirements shall be followed. No award shall be permitted to any vendor for any contract or sub-contract at any tier level for a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension" or debarred by the California Division of Labor Standards Enforcement.
 - J. A pre-qualification process to identify qualified construction contractors may be used for public works projects. For procurements funded by a federal or state loan or grant, or an SRF loan, in addition to the grant award's specific terms and conditions, the relevant federal Uniform Guidance or the 2 CFR 200 requirements shall be followed.

6.15 MULTIPLE-YEAR CONTRACTS

Multiple-year contracting may be used to acquire goods or services required for continuity of operations and uninterrupted support at the sole option of the District. These contracts may be procured by competitive bidding or negotiation in compliance with this Policy. The total performance period of a multiple-year contract shall not exceed five (5) years unless otherwise recommended by the Director of Finance & Administration and authorized by the General Manager. The option years available in a multiple-year contract shall not obligate the District beyond the initial award period.

A. Option Year Contract Requirements:

1. The contract shall state the base contract period and the number of option years available to be exercised by the District.
2. The District shall provide notice of its intent to exercise an option year so as to provide the contractor adequate lead time to ensure continuous performance.
3. The District, at its sole discretion, may exercise a portion of an option year if it is deemed in the best interest of the District.

4. If the base contract duration exceeds one year, funds typically will be encumbered for the first year only. The initial purchase order may be amended to include subsequent budgeted amounts or new purchase orders may be issued. Should funds not be budgeted in subsequent years, the District retains the right to terminate the contract in accordance with the contract terms.

B. Exercise of Option Years

1. When the contract provides for economic price adjustment and the contractor requests a revision of the price, the Finance & Administration Department shall evaluate the effect of the adjustment on prices under the option year before the option year is exercised.

C. Requesting department may exercise options only after determining that:

1. Funds have been budgeted.
2. The vendor's requested economic price adjustment is reasonable and justified.
3. The exercise of the option is the most advantageous method of fulfilling the District's needs, price, and other factors considered.

D. The requesting department shall not employ option years if:

1. The vendor's requested economic price adjustment is unreasonable in light of current economic indicators.
2. Market prices or competition for the supplies or services involved may have changed.
3. The District's requirements have changed since the original contract was awarded, unless it is deemed by the Director of Finance & Administration that continuing with the contract is in the best interest of the District.
4. It is not in the best interest of the District.

For multiple-year agreements, procurement authorization shall be determined by the maximum total dollar value that may be awarded over the duration of the contract, including any option years. Yearly renewals, if required (and noted in the original Board Action Item), may then be authorized by the General Manager or its designee, as reflected in the original Board item.

Example 1: A multiple-year agreement, including option years, for goods is estimated in the amount of \$120,000 in the first year. This would require Board authorization for the first year of the contract and all option years. The execution of option years would be approved by the General Manager provided the terms and conditions of the original

agreement remain unchanged and the option years were noted in the original Board Action Item.

Example 2: A five-year agreement (a three-year agreement that includes 2 one-year options) for services estimated at \$30,000 each year. Although each year is individually under the General Manager's authorization, the total cost of the five-year procurement exceeds \$100,000 and must be approved by the Board of Directors.

6.16 DEBT SERVICE PAYMENTS

The District will adhere to all previously approved bond documents and leases entered into and approved by the Board as documented in the approved minutes for the purpose of making debt service payments and lease payments with the following limitations:

- A. The Board shall approve a budget that specifies the prescribed debt service and lease payments for each fiscal year. The budget document shall specify the funding source of each such payment.
- B. District staff need not use a purchase order or written contract for the purpose of making a debt service or lease payment.
- C. District staff need not use a purchase order or written contract for the purpose of paying customary services related to administering a bond issue (i.e., trustee fees, brokerage fees, etc.), as long as those services do not contradict the original bond documents or lease arrangements and those services.

6.17 ELECTRONIC PAYMENTS

The Finance & Administration Department will provide for electronic payments for the following types of Invoices:

- A. Debt service payments and trustee fund transfers.
- B. Payments to other governmental agencies (IRS, CDA, etc.).
- C. Any approved vendor payment at the discretion of the Director of Finance & Administration.

All electronic payments will require two individuals to implement. The initiator will enter the transfer but may not authorize the transaction. The authorizing employee must be a Manager above the initiating employee.

All electronic payments shall be summarized and approved by the Director of Finance & Administration or Finance Manager prior to entry in the online system.

Any vendor desiring payment electronically must complete the electronic funds transfer enrollment form in its entirety with the proper authorized signature and required documentation. Information needed, at a minimum, shall include the following:

- Name of Company
- Company Address
- Name of Bank/Institution
- Bank/Institution Address
- Account Number
- Routing Number

6.18 VEHICLES

- A. The Director of Operations or his/her designee is responsible for maintaining the authorized District fleet and the procurement of all vehicles.
- B. Departments should submit all replacement and new vehicle requests through the Director of Operations or his/her designee as part of the annual budget process review and approval.

Capital vehicle expenditures will be addressed as follows:

1. Replacement vehicles will require Board authorization through the annual budget approval process. Also, Board approval is required for the actual purchase authorization.
2. Additions to the authorized District fleet vehicles, whether a product of additional staffing approvals, or changes in department services, will require specific Board approval and funding authorization.

6.19 SURPLUS PROPERTY

All District staff shall submit to the Director of Operations or his/her designee annually, a report showing all capital assets such as supplies, materials, and equipment that are no longer used or, as applicable, worn out or obsolete. Prior to the disposal of any state or federal loan or grant or SRF-loan funded surplus item, approval must be received from the funding agency.

The department will coordinate with the Director of Operations or his/her designee and the Accounting Supervisor. If applicable, the Accounting Supervisor will identify all items to be removed from the District asset records. For capital assets purchased with District funds, the net book value will be used to determine the value of the surplus item. This is applicable only if the asset on a single-item basis qualified as a capital asset. Prior to disposal the District shall endeavor to find a way to recover the current market value. For non-capital assets, items under the asset classification threshold as defined in this policy,

and that is considered of minimal value due to spoilage, obsolescence or other cause or where the District determines that the cost of disposal of such property would exceed the recovery value, the District shall dispose of the assets in a manner deemed appropriate and in the best interest of the District.

Capital assets identified as surplus for disposal will be listed on the District approved report form and forwarded to the Finance Committee for review and possible recommendation to the Board to be declared as surplus for sale or other disposal, except for those non-capital assets that are considered of minimal value as described above.

Upon Board approval, the surplus Items will be sold at auction, if possible, or otherwise transferred to a charitable organization exempt under Section 501(c)(3) or similar provision of the Internal Revenue Code or disposed of in a manner deemed appropriate by the Director of Operations or his/her designee and approved by District Legal Counsel.

Members of the Board and District staff involved in the decision to declare items surplus are not allowed to purchase any of those items at auction.

SECTION 7: STANDARDS OF CONDUCT IN PROCUREMENT

7.1 CONFLICT OF INTEREST

Employees must follow the Fraud & Ethics Policy adopted by the Board (Resolution No. 2331). Employees must follow applicable laws, rules, and regulations in regard to conflicts of interest including, but not limited to, the Political Reform Act, the prohibition against prohibited interests in contracts, and guidelines in the California Code of Regulations.

Jurupa Community Services District Policy No. 2006-02

Procurement Policy

General Purchasing Guidelines

General Provisions – The basic purchasing policy of the District is to obtain goods and services for operation at the lowest possible overall cost. This includes maintaining a purchasing system that ensures maximum use of fair and open competition and receipt of the best value for funds available, consistent with applicable laws and regulations. The purchasing functions are decentralized, with each Department responsible for compliance with District policies and procedures.

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SECTION 1: LEGAL BACKGROUND

Governance of the Jurupa Community Services District (District) is regulated by the Community Services District Law, recently amended, and recodified by Senate Bill 135 (Stat. 2005 ch. 249). (Gov. Code, § 61000 et seq.) The Community Services District Law, at Government Code section 61063 provides:

“(a) Each district shall adopt policies and procedures, including bidding regulations, governing the purchasing of supplies and equipment not governed by Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code. Each district shall adopt these policies and procedures by rule or regulation pursuant to Article 7 (commencing with Section 54201) of Chapter 5 of Division 2 of Title 5.

(b) A district may request the State Department of General Services to make purchases of materials, equipment, or supplies on its behalf pursuant to Section 10298 of the Public Contract Code.

(c) A district may request the purchasing agent of the principal county to make purchases of materials, equipment, or supplies on its behalf pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.

(d) A district may request the purchasing agent of the principal county to contract with persons to provide projects, services, and programs authorized by this division pursuant to Article 7 (commencing with Section 25500) of Chapter 5 of Division 2 of Title 3.”

In addition, Government Code section 61060, subdivision (h) authorizes the District to “enter into and perform all contracts including, but not limited to, contracts pursuant to Article 43 (commencing with Section 20680) of Chapter 1 of Part 3 of the Public Contract Code.”

The Office of Management and Budget Uniform Grants Guidance Title 2, Subtitle A, Chapter II, Part 200, established general procurement standards, cost principles, and audit requirements for Federal awards, including awards which flow through a state to a subrecipient, that must be followed when procuring goods and services under a Federal award.

SECTION 2: PURPOSE

This policy provides uniform procedures for acquiring services and materials for the District to assure purchases are accomplished in a manner providing maximum benefit and minimum cost to the District.

SECTION 3: SCOPE

All purchases of services, materials, equipment, or supplies to be paid for by the District must adhere to the methods and dollar limits as outlined in this policy. This policy does not apply to non-discretionary operating expenditures such as, but not limited to, payroll, payroll benefits, utilities, fees, source water purchases, treatment charges and taxes. From time to time, the Board of Directors may provide direction that creates more restrictive purchasing definitions, methods of purchasing, delivery policy and dollar limits as documented in the approved Board minutes. If this policy is ever in conflict with Board directions, the direction of the Board shall govern until this policy can be revised to be consistent with the Board direction.

SECTION 4: POLICY

4.1 AUTHORITY AND DOLLAR LIMITS

The General Manager shall oversee and be responsible for all procurement and related expenditures by Department Directors and managerial staff within their departments.

General Manager (or designee)	\$100,000
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Department Directors/ Deputy Directors (or designee)	_____
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~~\$50,000~~

~~_____~~
~~\$50,000~~

Department Managers/Superintendents/Advisors	\$25,000
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Department Supervisors/Field Supervisors/Principal Engineer	\$12,500
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Only the General Manager, ~~and~~ Department Directors, Deputy Directors may delegate their authority in their absence. Such designations shall be in writing or electronic format, and the designation shall specify a period of time. The General Manager will inform the Board President whenever he/she delegates his/her authority. Department Directors ~~and~~ Deputy Directors will inform the General Manager whenever they delegate their authority.

SECTION 5: DEFINITIONS

5.1 DEFINITIONS: The following definitions shall apply as relates to this Policy.

- A. *Asset* – Items of a fixed durable or permanent nature used in the operations of the District with a purchase cost of \$10,000 or more.
- B. *Blanket Purchase Order (BPO)* – An agreement between the District and a vendor for goods and/or services for a set price on a recurring basis over a specified period of time.
- C. *Contract* – An agreement between the District and one or more parties that is

enforceable by law to all parties that defines the specific terms and conditions of the work to be performed and/or the materials to be supplied.

- D. *Preferred Vendor* – any individual or organization providing materials or services to the District that has gone through Finance & Administration department review as a preferred vendor. This includes history of routine purchases during the past six months, supplies or services up to \$5,000, pricing is comparable to other local vendors, and amounts not to exceed \$100,000 in a fiscal year.
- E. *Piggyback Procurement* – Utilizing another public agency, county, state, city or public entity's contract or agreement to obtain more advantageous prices and terms than can be otherwise obtained on the open market.
- F. *Professional Services* – Those activities performed by a consultant who possesses a high degree of expertise in a particular profession. This would generally include, but not be limited to, architectural, accounting/auditing, environmental, design, telemetry, technical, financial, legal, economic, and other administrative services.
- G. *Purchase Order* – An electronic document approved by an authorized person of the District that memorializes the prices and terms used to purchase materials, goods, and services from a vendor. An approved purchase order shall be considered a contract that binds the District in authorizing procurement with a vendor. Each department is responsible for issuing its own purchase orders.
- H. *Single Source* – A procurement where there is a compelling reason for only a preferred brand. Examples would be standardization, time schedule, technical expertise, follow-up to work on existing contract, quality of the product, etc.
- I. *Sole Source* – A procurement where only one viable source exists. Examples could be legal restrictions of patent rights, warranty issues, original equipment manufacturer, copyrights, etc.
- J. *System for Award Management (SAM)* – Combines the federal procurement systems and the Catalog for Federal Domestic Assistance (CFDA) into one system.
- K. *Trade Services* – Shall mean the repair, rental or maintenance of equipment, machinery, and other District-owned or operated property. This would generally include, but not be limited to, electrical work, air conditioning repair, asphalt work, tree trimming, and landscape maintenance.
- L. *“Uniform Guidance”* shall mean Title 2 of the Code of Federal Regulations (2 CFR) 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- M. *Vendor* – Any individual or organization providing materials or services to the District.

SECTION 6: PURCHASING PROCESSES

- A. No purchase will be approved or undertaken unless an appropriation has been established either through the adopted annual budget or Board approval of additional appropriations. Departments are responsible for monitoring their budgets.
- B. Purchases will not be bifurcated to avoid required procedures or established dollar limits.
- C. No District employee shall draft or cause to be drafted any specifications for bids in such a way as to intentionally limit the bidding directly or indirectly to any one bidder, except for a sole source or single source procurement where warranted.
- D. All departments are responsible for obtaining and maintaining their own contracts, bid proposals, and Requests for Proposals (RFP).
- E. Public works contracts shall be subject to competitive bidding as provided in the California Public Contract Code beginning with Section 20680. Contracts for maintenance or improvement of public facilities over \$1,000 require the District to ensure the contractor selected pays the vendor's employees' **prevailing wage** as required by the State of California. (In accordance with Labor Code Sections 1770-1773, additional information is available at www.dir.ca.gov/dlsr/pwd/index.htm).
- F. Cooperative Procurement – The District may participate in purchases and contracts established by other political jurisdictions, provided the cooperative agreement is established following a competitive bidding or solicitation process. The cooperative purchase must adhere to the District's authorization table in Section 4.
- G. Formal Bids – For purchases of \$100,000 or more, bids/proposals shall be solicited from a minimum of three vendors. An RFP or Invitation for Bids (IFB) must be used to document the specifications and requirements of the product or service. The bids must be received from the vendors in written form and retained on file. The Board must also approve the selected vendor.
- H. Informal Bids – For purchases of \$5,000 or more but less than \$99,999. A minimum of three bids are required. The bids must be documented and retained on file. The request for bids must be made in a consistent manner for all vendors meaning that all vendors must receive the same information regarding specifications and requirements of the product or service.

- I. Informal Quotes – For purchases less than \$5,000 but more than \$3,500. Quotes may be obtained through an informal process (e.g. web browsing, emails or phone calls), and documentation of the quotes is required.
- J. Internet Purchases – The District will utilize internet purchases as part of the procurement process wherever possible to take advantage of additional savings, adhering to the same purchase procedures and approval authority limits as set forth in Section 4.

6.1 PETTY CASH

Petty cash is used to advance or reimburse individuals for minor or emergency District business expenses in an efficient and cost-effective manner where it is impractical to use a purchase order, have a check issued beforehand, or use a District credit card. Petty cash may be used for minor purchases up to \$150 per occurrence or event and meeting and travel expenses. All travel expenditures more than \$150 per travel event must be reported on the District's Expense Report and will be reimbursed through Accounts Payable. Business mileage is the travel an employee incurs beyond normal commute mileage (from home to the office and home again) on a normal workday.

A District employee who incurs reimbursable out-of-pocket expenses, or requires an advance, may seek approval of a petty cash request from any supervisor or manager who has knowledge of the expense. Any individual utilizing District cash is responsible for completion of the Petty Cash Request form and for providing original itemized receipts and adequate documentation of the funds used.

Change Fund – An amount of cash held by a department used to give change to customers when they are paying for goods or services. Change funds are restricted to cash receipting activities. No purchases can be made from these funds.

Custodian – A custodian is responsible for safeguarding and maintaining the petty cash fund or change fund. Maintaining the fund consists of disbursing funds, obtaining receipts, reconciling, and replenishing the fund. When the petty cash or change fund is no longer necessary, the custodian is responsible for ensuring that it is reconciled and closed.

6.1(A) ESTABLISHED PETTY CASH AND CHANGE FUNDS

- 1. The District currently has one established petty cash fund at the main District office in the amount of \$4,500.
- 2. There are eight change funds totaling \$2,450. Customer Service Department maintains seven (7) cash fund register boxes in the amount of \$100 each, one (1) change fund box of \$1,750. The change fund box consists of bills and coins.

6.1(B) RESPONSIBILITIES OF CUSTODIAN

1. Safeguarding the funds – The fund should be the responsibility of one person, the custodian, and always secured in a locked location. At no time should the custodian keep the fund in their personal possession, deposit in their personal bank account, or take to their home for safekeeping. In case of theft, the custodian must notify the Director of Finance & Administration immediately.
2. Accounting for transactions – Custodians must support all disbursements with proper documentation, i.e. an original invoice or vendor register receipt, with a written notation clearly indicating the business purpose of the purchase. Meal reimbursements should indicate the names of meal attendees. Petty cash expenditures are subject to District policies and procedures related to proper expenses, authorization, accounting, and documentation. Petty cash must not be used for salary advances, personal loans, debit or credit card reimbursements of non-business purchases, cashing of personal checks, payment of vendor invoices for goods or services, sales tax, alcoholic beverages, donations, or contributions.
3. Reconciling the funds – The custodian must reconcile the petty cash before replenishing, changing the custodian or amount, or closing the fund. Petty cash should be reconciled on a bi-weekly basis or more frequently as needed. The custodian of change funds must reconcile cash register boxes daily and change boxes on a bi-weekly basis.
4. Replenishing the funds – When the petty cash in the fund is low, the custodian must submit a check request and obtain approval from a Customer Service or Finance & Administration Department Manager to replenish the fund.

Revision of fund or change in custodian – Funds must be completely reconciled and accounted for before approval of any changes. Notification must be made to the Director of Finance & Administration.

6.1(C) REVIEW OF PETTY CASH OR CHANGE FUNDS

1. Audits - All petty cash and change funds are subject to periodic audits. Custodian shall conduct a self-audit of the fund. Finance & Administration Department may conduct onsite audits at any time, without prior notice.
2. Revocation of Funds - Misuse or improper accounting of the fund will result in disciplinary action in accordance with the District's Personnel Manual.
3. Closing the Petty Cash or Change Fund - If a department no longer requires a petty cash or change fund, the Director of Finance & Administration shall

be notified.

Procedure

Assign a custodian – The assigned custodian of the department is responsible for safeguarding and accounting for the fund. The custodian remains accountable for the fund until custody is transferred to another employee.

Maintain the fund – The custodian is required to maintain the fund by performing the following functions:

1. Enforce policy and procedures governing the receipt, handling, custody, and disbursement of District petty cash/change fund;
2. Reconcile the fund before replenishing, changing the custodian or amount, or closing the fund;
3. Replenish the fund by submitting a check request to the Finance & Administration Department when needed; and
4. Report discrepancies to the Director of Finance & Administration using the “Overage & Shortage” form.

General ledger maintenance – The Finance & Administration Department is responsible for reconciling general ledger transactions on a quarterly basis.

Closing the fund – If the fund is no longer necessary, once reconciled, the remaining cash shall be deposited and reported to the Finance & Administration Department. The Finance & Administration Department will ensure that appropriate journal entries are made in the general ledger.

The General Manager and/or the Director of Finance & Administration will determine in writing who will be responsible for each petty cash box used by the District and the dollar amount to be kept in each petty cash box. The District puts the following limitations on the use of the petty cash reimbursements:

1. Petty cash reimbursements will be limited to reimbursing employees and other designated officials of the District.
2. The General Manager will set the reimbursement amount limit and approval authorizations by written memorandum.
3. The General Manager and Department Directors may not sign for the approval of their own reimbursements. Such individuals must obtain the approval of another Department Director or the General Manager.

6.2 CHECK REQUESTS FOR ITEM NOT NEEDING A PURCHASE ORDER

The check request method is used to request payment for items when the vendor does not accept a purchase order, the amount exceeds petty cash limits, and/or there is no ability to have an invoice submitted. Some examples include disbursement related to payroll, C.O.D. deliveries, education reimbursements, conference expenses, and permits. Check request disbursements will have the following limitations except as otherwise noted by this policy:

- A. Except for payroll-related items, disbursement amounts will not exceed the authorization limits set forth in Section 4.
- B. Check request disbursements may not be used to substitute for a purchase order.
- C. Check request disbursements may not be made to a contractor performing work under a public construction contract whereby the disbursement will exceed the prescribed limit of payments under the construction contract. (see section 6.14H for public construction change order guidelines)
- D. Check request disbursements for land purchases, right-of-way acquisitions, and easements must be approved through the Board process with the District Legal Counsel's input regardless of dollar amount. The check request is subsequent to the Board action.
- E. Except for the payment of taxes and court-ordered prescribed garnishments, all payroll-related disbursements must derive from a contract or benefit approved by the Board.

6.3 CREDIT CARD PURCHASES

The District's credit card purchasing tool is designed to eliminate the need for small dollar purchase requisitions, vouchers, and reimbursements. This program is also designed to improve efficiency when processing and completing low-dollar purchases of approved commodities from vendors/suppliers that will accept a credit card.

Credit cards are issued to District staff upon approval and at the discretion of the General Manager. (Typically, this is limited to the General Manager and the executive staff.) These cards may be used in lieu of petty cash, emergency purchase orders, manual checks, or for purchasing materials and services for less than **\$5,000**. The cardholder agrees to comply with all applicable District policies and procedures.

The credit card purchase documentation should include the date of transaction, the purpose of the transaction and, if for business meal meetings, the names of the persons receiving meal service and description of District business topics.

US BANK GOVERNMENT SERVICES

The US Bank Government Services has provided the dual control of the credit card

authorization system: the cardholder and the approving official. The approving official cannot be the cardholder or vice versa. The approving official is the District's Treasurer.

The approving official is required to look at each cardholder's purchases and determine if these items are allowed to be purchased in accordance with this policy. If there is a question regarding the purchase, it is the approving official's responsibility to talk with the cardholder. If he/she cannot satisfactorily explain how the purchase was necessary and for official use, then the cardholder must provide a credit voucher proving that the item(s) have been returned for credit or a personal check for the full amount of that purchase. Improper use of the card will result in the procurement card privilege being taken away and possible disciplinary action.

The US Bank Government Services program has some merchants "blocked" from usage for security purposes and, as a result, the transaction will be declined. If a transaction is declined, the cardholder will need to notify the approving official. The approving official will notify the bank who then has the responsibility of contacting the merchant.

6.3.1 CREDIT CARD PURCHASE VIOLATIONS

Credit card purchase violations include, but are not limited to:

- Purchase of items for personal use
- Use of the credit card for cash advances
- Exceeding bank credit line limit
- Use of the credit card for purchase of more than \$5,000 by splitting purchases into more than one transaction
- Failure to return the credit card when an employee is reassigned, resigned, terminated or upon request
- Failure to turn in packing slips, receipts, or other backup documentation to the Finance & Administration Department within 30 days of the purchase

Employee violations of any policy regarding the purchase of goods or services will be investigated and may result in either one or more of the following actions: written warning, revocation of credit card privileges, cancellation of purchasing authority, disciplinary action, termination, and/or criminal prosecution.

6.4 PURCHASES LESS THAN \$3,500

No purchase order is required for purchases of materials and supplies under \$3,500; a handwritten purchase requisition will suffice.

- A. An employee must obtain authorization from a supervisor for the purchase of items under \$3,500.
- B. Once authorization is obtained, a supervisor must approve the invoice before being submitted to the Finance & Administration Department for payment.
- C. Backup documentation (i.e., check request for or email approving purchase) should be attached to the invoice.

6.5 PURCHASE ORDERS

Purchase orders are the preferred method for contractual services that are more than \$3,500 and for procuring materials and supplies up to \$100,000. The following limitations are applied to the use of Purchase Orders:

- A. All purchase orders must be authorized by an individual with the proper dollar authorization as noted in this policy.
- B. Regular purchase orders will be used for contractual services that are more than \$3,500 and for procuring materials and supplies up to \$100,000.
- C. Prior to the authorization of procurement of \$3,500 or more, District staff must have two informal quotes for purchases between \$3,500-\$4,999; and three informal bids on amounts \$5,000-\$99,999 with a clear description of materials and/or scope of work associated with procurement.
- D. Procurement of materials and contractual services in excess of \$3,500 will be consistent with the Uniform Commercial Code.
- E. Procurement of items for the District in excess of \$5,000 must be in writing.

6.6 PURCHASES OF MATERIALS AND SUPPLIES GREATER THAN \$3,500 AND LESS THAN \$100,000

General – Provide guidelines for the purchase of general supplies, materials, and equipment. General supplies, materials, and equipment shall consist of any and all tangible items necessary for day-to-day operations excluding any goods purchased as part of a Public Works Project (see below). When goods and services are purchased together, this section shall apply if the majority of the purchase is for goods.

6.6.1 INFORMAL QUOTES/BIDS

- A. No quotes are needed for purchases of \$3,500 or less, but comparative shopping on common items is advised.
- B. For purchase orders of routine items of up to \$5,000 on the approved vendor list, informal quotes are not needed.

- C. Except as provided in Section 6.6.1.B. above, for purchase orders of items from \$3,500 to \$4,999, departments must obtain two (2) informal quotes (includes online quotes) and electronically attach product specifications to purchase order. If two informal quotes cannot be obtained, a written explanation as to why two quotes were not obtained needs to be documented in the “notes” section of the purchase order.
- D. For purchase orders of items from \$5,000 to \$99,999, departments must obtain three (3) written informal bids and electronically attach product specifications to the purchase order. Documented e-mails and faxes are acceptable. If three informal bids cannot be obtained, a written explanation as to why three quotes were not obtained must be documented in the “notes” section of the purchase order.
- E. For purchases greater than \$100,000, a formal bidding process must be followed, and the Board must approve the selected vendor.

6.6.2 PURCHASE PROCEDURES

- A. Each department will prepare purchase orders for items being charged against their expense accounts. All purchase orders will be prepared by the requesting department. The pricing, item description, vendor information (name, address, phone number), date, and account coding must be indicated on the purchase order. A shipping point should always be listed on the purchase order.
- B. Each completed purchase order will be routed directly to the appropriate person based on department and the dollar amount of the purchase order for approval (Section 4: Policy).
- C. Purchase orders for procurements of \$100,000 or more must indicate the District’s Board meeting where it was approved and must be sent to the Secretary to the Board of Directors for approval in New World Systems after the Board’s approval. For items generated out of the Board/GM Services Department, the Finance Manager will approve items over \$100,000 approved by the Board.
- D. The General Manager and the Department Directors may authorize purchases and contractual services that cost \$100,000 or more for emergencies that threaten District personnel or property or the safety of the general public. An emergency is an event which adversely affects the ability of the District to carry out its functions, or puts District personnel or property in jeopardy, or which jeopardizes the health or safety of the community and its residents. Competitive bidding requirements are suspended for such emergency situations. Emergency procurements of \$100,000 or more must be submitted for ratification by the District Board as soon as practical, but at least within 45 days after their completion.

6.7 PURCHASES OF PROFESSIONAL/TRADE SERVICES GREATER THAN \$3,500 AND LESS THAN \$100,000

- A. Purchase orders must have service contracts or proposal letters attached. Professional/trade services totaling more than \$50,000 must be pre-approved by the General Manager before undertaking informal bid requirements.
- B. The District will use a standard prescribed contract as drafted by District Legal Counsel for all professional/trade services costing \$5,000 or more.
- C. Prior to the authorization of procurement of \$3,500 or more, District staff must have two informal quotes for professional/trade services between \$3,500-\$4,999; and three informal bids on amounts \$5,000-\$99,999 with a clear description of scope of work associated with procurement. This does not apply to Board approved professional on-call services.
- D. Departments may prepare the standard prescribed contract with the scope of work as an exhibit for submission to their department.
- E. All professional/trade services contracts must be signed by the General Manager or his or her designee.
- F. The original signed contract should be forwarded to the Records Retention Department. A copy of the contract should be retained by the department managing the contract and provided to Accounts Payable for payment verification.
- G. Professional/trade services costing over \$100,000 are required to go through a formal RFP process and must be approved by the Board.
- H. The District will require that vendors providing professional/trade services of \$25,000 or more maintain general liability insurance of \$1,000,000 and name the District as an additional insured.
- I. Any changes or amendments to contracts over the General Manager authority must be approved by the Board.

6.7.1 PROCUREMENT REQUIREMENTS TABLE

Procurement Requirements Table (amounts excluding sales tax)			
Purchase	Procurement	Refer to Page	Required
\$0-\$3,499	No Quotes Needed	11	Requisition
\$3,500-\$4,999	Two Informal Quotes	12	Purchase Order ≥ \$3,500
Up to \$5,000	On Approved Vendor List - No Quotes Needed	12	Purchase Order ≥ \$3,500
\$5,000-\$99,999	Three Informal Bids	12	Purchase Order ≥ \$3,500
\$100,000 +	RFP/Formal Bids	13	Purchase Order ≥ \$3,500

6.8 SINGLE OR SOLE SOURCE PURCHASES

A single source purchase is any acquisition which restricts the District to one vendor or one brand. The District may make a sole source purchase if it is not practicable to obtain competitive quotes due to any of the following circumstances:

- A. Vendor is uniquely qualified to provide the product or service;
- B. Item is a component or replacement part for which there is no commercially available substitute, and which can be purchased only from the manufacturer or distributor;
- C. Technical support agreements restrict the District to one vendor;
- D. Emergency purchase; or
- E. The District has a compelling and valid interest in selecting a particular vendor.

6.8.1 PURCHASE PROCEDURES

- A. Purchase orders for items from \$3,500 to \$50,000 to vendors based on sole/single source require approval from the Department Director and the Director of Finance & Administration. Approvals must be obtained prior to initiating the service or ordering the item. The Sole Source Purchase Justification form must be provided to support reasons for sole/single source purchasing.
- B. Purchase orders for items from \$50,001 to \$99,999 to vendors based on sole/single source need approval from the Department Director and the General Manager. Approval must be obtained prior to initiating the service or ordering the item. The Sole Source Purchase Justification form must be provided to support reasons for sole/single source purchasing. It is recommended to obtain from the vendor, if possible, a letter stating that they are a sole source vendor.

6.9 BLANKET PURCHASE ORDERS (BPO)

A blanket purchase order (BPO) is a simplified method of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply.

- A. The use of a BPO does not exempt employees from the responsibility for keeping obligations and expenditures within available funds.
- B. BPOs are generally utilized for operations and maintenance, unless otherwise defined by Director of Finance & Administration or Finance Manager.
- C. BPO authorization thresholds will be in accordance with the Procurement Authorization Table and will typically be issued prior to the beginning of each fiscal year.

The Finance/Accounting department may establish a BPO when:

- A. The District needs small, repetitive purchases and the supplier does not accept line of credit. (i.e. office supplies)
- B. There are a wide variety of items or services that are regularly purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably.
- C. The use of BPOs would avoid issuance of numerous purchase orders.
- D. The Finance & Administration department will establish annually a list of vendors that qualify for BPO's.

After determining a BPO would be advantageous, the Finance & Administration department shall:

- A. Determine if a BPO will limit purchases to individual items or services or permit the vendor to furnish any supplies or services as requested by staff.
- B. Determine the method for selecting the vendor based on competitive requirements as established herein.
- C. Establish an annual amount for the BPO and set limits to be spent per transaction if applicable.

BPOs may be established with:

- A. More than one vendor for supplies or services of the same type to provide maximum practicable competition.
- B. A single vendor from which numerous individual purchases will likely be made in a given period.

Preparation of BPOs

The following terms and conditions are mandatory for each BPO:

- A. Description of agreement: A statement that the vendor shall furnish supplies or services, described in general terms, if and when requested during a specified period.
- B. Extent of obligation: A statement that the District will only compensate vendor for authorized purchases actually made under the BPO and the issuance of the BPO does not guarantee that any purchases will be made.
- C. Purchase limitation: A statement that specifies the maximum dollar expenditure under the BPO and may specify the maximum expenditure for individual purchases.
- D. Delivery tickets: A requirement that all shipments under the BPO shall be accompanied by delivery tickets or sales slips that contain the following minimum information:
 - E. Name of vendor.
 - F. BPO number.
 - G. Date of purchase.
 - H. Itemized list of supplies or services furnished.
 - I. Quantity, unit price, and extension of each item, less applicable discounts.
 - J. Date of delivery or shipment.
 - K. Name and employee number of employee who requested the order.

Review Procedures

The Finance & Administration department shall review BPO files at least annually to ensure that authorized procedures are being followed and, if necessary, renew the BPO at that time.

- A. The District reserves the right to solicit additional vendors and issue additional BPOs should it become aware of changes in market conditions, sources of supply, and other pertinent factors that warrant changing or adding vendors.

Completion of BPOs

- A. An individual BPO is complete when purchases made equal its maximum expenditure amount (as may be amended) or when its stated time period expires.

6.10 PROCUREMENTS UNDER GRANT AWARDS

Federal, state, county, and other grant programs are vital resources for funding projects that the District may otherwise not be able to accomplish without funding from granting entities.

This section will apply to any federal or state funding sources including, but not limited to, grants paid through a state agency, funding through Federal sources, state revolving fund loans with discounted interest rates, or other pass-through grant awards paid by a state agency, but funded by federal awards.

6.10.1 ROLES AND RESPONSIBILITIES

Applicant Department Responsibilities:

- A. Monitor and identify grant opportunities that are consistent with the mission and goals of the District.
- B. Preparation and submission of grant proposals to Department Director for review and approval.
 - a. This shall include required completed application forms, completed required schedules or data request to be filed with application, completed District forms to adjust departmental budget(s) as needed, and any other information deemed necessary for making a decision on the grant application
- C. After being approved by the Department Director, provide the General Manager with an overview of the grant opportunity being considered.
- D. Develop an implementation plan for the grant award and notify affected departments that may be involved in completing specific tasks associated with applying for and implementing the grant program.
- E. Ensure reporting requirements for grant awards are satisfied as outlined in the grant award documents or agreements.
- F. Maintain financial records and other documentation in accordance with grant requirements.
 - a. Copies of all records related to the application, awarding, and spending of grant awards should be provided to the Finance & Administration Department.
 - b. Final grant package should be accompanied by a completed District Grant Award Summary form.
- G. Provide the appropriate Board Committee with updates regarding the status of active grants and the progress of the program/project.
- H. Ensure the grant award is properly closed out based on the language stated in the grant award documents or agreement.

General Manager

- A. The General Manager shall make the final determination whether the District will pursue a specific grant.
- B. The General Manager is the only authorized person to sign or be listed as the authorizing agent on the grant application.

6.10.2 METHODS OF PROCUREMENT UNDER GRANT AWARD

The District shall use the methods of procurement outlined in Uniform Guidance and adhere to the requirements for each respective method used. Any changes made to Methods of Procurement (2 CFR 200.320) within the Uniform Guidance shall become effective in this policy.

6.10.3 GRANT RENEWAL AND GRANT CONTINUATION

Existing grant awards or grant programs must be evaluated at the end of the initial grant period. Considerations for continuing or renewing a grant include impacts on operational efficiency, cost-benefit analysis, performance expectations, or other appropriate measures of performance critical to making a decision on renewing or continuing a grant program.

6.10.4 FEDERAL AWARDING AGENCY OR PASS-THROUGH AGENCY REVIEW

The District shall make available for review any pre-procurement information requested by a federal awarding agency or pass-through agency. Information must be furnished to reviewer entity upon request and the procedures for providing the requested information must be in compliance with the standards and procedures stated in Uniform Guidance.

6.10.5 FEDERAL DEBARMENT & SUSPENSION

The District must ensure that any goods or services expected to be funded by federal awards must be procured from a vendor that has not been debarred or suspended from receiving federal funds. This verification process must be completed prior to considering the vendor for a program or project funded by a federal grant. Verification of vendor status must be completed through www.sam.gov/content/exclusions. Any potential vendor found on this list must not be considered for the grant funded contract.

6.10.6 MATCHING OR SHARED FUNDS

- A. Grants that require the District to match or share the cost of a program must be approved by the Board of Directors.
- B. If the Board of Directors approved the project or program through the budget or capital improvements process, then funding for the project or program is considered to have been approved by the Board of Directors.

6.10.7 STAFF POSITIONS OR CONTRACTS FUNDED BY GRANTS

- A. It is the policy of the District that any newly-created staff positions funded by grants or related contracts shall be eliminated upon termination of associated grant funding.
- B. When applicable, grant-funded positions shall be added and deleted through Human Resources' process and procedures.

6.10.8 RECORDS RETENTION

- A. Per the District's Resolution No. 2250 Records Retention and Disposition Procedure, records pertaining to grants shall be kept for the life of the grant plus seven years or longer if required by the grantor.

6.11 UNAUTHORIZED PURCHASES

Purchase orders shall be issued prior to ordering supplies, equipment, and services and not "after the fact" for work already done or materials already ordered.

Except for emergencies, departmental purchases, or other authorized exemptions stated in these guidelines, no purchase of supplies, services, or equipment shall be made without an authorized purchase order. Otherwise:

- A. Such purchases are void and not considered an obligation of the District.
- B. Invoices without an authorized purchase order may be returned to the vendor unpaid.
- C. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract and may be subject to disciplinary actions.

6.12 CONTRACTS NOT REQUIRING BOARD APPROVAL

The District recognizes that at times it may be best served to use a bi-lateral contract for the purposes of securing contractual services or specialized supplies. For this reason, the District will use written contracts for all contractual services in excess of \$10,000 with the following limitations:

- A. District officials will use a standard prescribed contract as drafted by District Legal Counsel or a form of contract reviewed and approved by Legal Counsel.
- B. District Legal Counsel may designate the use of certain standard professional agreements used by the following industries: engineering, architectural, auditing and any other industry as determined by District Legal Counsel. However, all such agreements cannot diminish the District's need for insurance coverage in the form prescribed by District Legal Counsel.

- C. From time to time, the General Manager or District Legal Counsel may prescribe the need for professional liability insurance or errors & omission coverage on any contractual services regardless of dollar amount.
- D. Contractual agreements will be used for specialized supplies whereby the District may be better protected in regard to warranties as determined by the General Manager. The District will be better protected for the enforcement of warranties if the vendor agrees to them in writing.
- E. Contractual agreements for services in excess of \$25,000 typically require the vendor to provide at least \$1,000,000 in general liability insurance for the District, although such insurance coverage may be required for smaller contracts as well, depending on the nature of the work. The insurance requirements for contractual agreements should comply with the insurance required under section 6.13 (G).
- F. This should comply with Section 6.13 (G) insurance requirements as described.

6.13 CONTRACTS REQUIRING BOARD APPROVAL

The District recognizes that at times it may be best served to use a bi-lateral contract for the purposes of securing contractual services or specialized supplies. Whenever applicable, the District will utilize a competitive process and use Request for Qualifications/Proposals (RFQ/RFP) in securing contracts for services and supplies. The District will use written contracts for all contractual services and the procuring of specialized supplies with the following limitations:

- A. Contracts for the procurement of services or specialized supplies of \$100,000 or more shall be approved by the Board. Or a projected cumulative annual total of \$100,000 or more after Board approval shall be approved by the Board.
 - 1. Example – District awarded contract to engineering firm in the amount of \$70,000 for project #1. The contract would require General Manager's approval. The District requires help from the same engineering firm but for a different project. Another contract is issued for project #2 for \$40,000. This requires Director approval and the General Manager approval, to sign the contract. Since work is not connected to project #1 it does not require Board approval. However, if the work was for the same project #1, it would require Board approval as the cumulative amount is over the General Manager's authority. (First contract of \$70,000 plus second contract of \$40,000 cumulatively is \$110,000 over the General Manager's authorization of \$100,000).
- B. District officials will use a standard prescribed contract as drafted by District Legal Counsel or a form of contract reviewed and approved by Legal Counsel.
- C. District Legal Counsel may designate the use of certain standard professional agreements used by the following industries: engineering, architectural, auditing, and any other industry as determined by District Legal Counsel. However, all such

agreements cannot diminish the District's need for insurance coverage in the form prescribed by District Legal Counsel.

- D. District Legal Counsel may designate the use of certain standard maintenance and service agreements used by the following industries: landscape maintenance, janitorial, and uniform cleaning and similar type maintenance services, and any other industry as determined by District Legal Counsel. However, all such agreements cannot diminish the District's need for insurance coverage in the form prescribed by District Legal Counsel.
- E. From time to time, the General Manager or District Legal Counsel may prescribe the need for professional liability insurance or errors & omission coverage on any contractual services.
- F. Contractual agreements will be used for specialized supplies whereby the District may be better protected in regard to warranties as determined by the General Manager. The District will be better protected for the enforcement of warranties if the vendor agrees to them in writing.
- G. Contractual agreements for services will require the vendor to provide commercial general liability insurance with limits no less than \$1,000,000 per occurrence and twice the occurrence limit in aggregate. The District reserves the right to require increased coverage depending on the work to be performed. The general liability policy will include an endorsement to state that (1) the District, its directors, officials, officers, employees, and agents shall be covered as additional insured with respect to the work or operations performed by or on behalf of the consultant, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects the District, its directors, officials, officers, employees, and agents, or if excess, shall stand in an unbroken chain of coverage excess of the consultant's scheduled underlying coverage. Any insurance or self-insurance maintained by the District, its directors, officials, officers, employees, and agents shall be excess of the consultant's insurance and shall not be called upon to contribute with it in any way. Contractual agreements for services will also provide for automobile liability insurance, workers' compensation and employer's liability coverage as deemed prudent by the Director of Finance and Administration and the General Manager.
- H. Contract terms will be noted and will be based on the nature of the contractual services or supplies contracted for.
- I. The General Manager's office (or designee) will issue a notice of award for all agreements authorized by the Board.

6.14 PUBLIC CONSTRUCTION CONTRACTS

The District will adhere to the statutes and regulations as prescribed by the Public Contract Code with the additional following limitations:

- A. The Department of Engineering & Water Resources will be in charge of bidding public works projects of \$25,000 or more. All departments will work cooperatively with the Engineering & Water Resources Department in preparing specifications for their projects. The Engineering & Water Resources, Operations, and Parks Department will keep the Finance & Administration Department informed of the progress of all projects that are going out for bid.
- B. After the Board awards a public works contract, Engineering & Water Resources Department will submit a standard District construction contract with a bid summary to the General Manager within 10 days following the Board's approval. The General Manager will sign two original construction contracts, one for the District and one for the contractor. The original signed contract will be kept by the Records Retention Department.
- C. Copies of the signed contracts will be sent to the Finance & Administration Department and the Engineering & Water Resources Department. Bid specifications need not be forwarded to the General Manager's office, since the Engineering & Water Resources Department maintains the original bidding files for all public works projects.
- D. Public construction contracts of \$100,000 or more shall be submitted to the Board for approval.
- E. Public construction contracts in excess of \$25,000 will require the contractor to provide at least \$1,000,000 in general liability insurance coverage for the District per occurrence and twice the occurrence limit in aggregate. The insurance requirements for public construction contracts should comply with the insurance required under section 6.13 (G). Additionally, public construction contracts in excess of \$25,000 are required to purchase a payment bond. The District reserves the right to require such coverage for smaller contracts as well, depending on the nature of the work.
- F. The General Manager or District Legal Counsel may prescribe higher general liability insurance amounts for larger construction projects.
- G. The General Manager may prescribe additional written procedures and limitations for public construction work that is less than the above-noted amount.
- H. Contract Change Orders – General Manager can approve construction change orders up to his/her authorization level of \$100,000. Any change orders above this amount must be approved by the Board.
 - 1. A change order above the limit described above may be authorized by the General Manager prior to Board approval if one of the following circumstances exist:

- a. A delay in change order authorization could result in a negative financial impact to the District.
 - b. A delay in change order authorization could result in damage to or impairment of the operation of a District facility.
 - c. An emergency exists which requires immediate work/services.
2. Change orders approved pursuant to Section 6.14 H(1) above must be ratified by the Board as soon as practical, but as least within 45 days after their approval.
 - I. For procurements funded by a federal or state loan or grant, or a State Revolving Fund (SRF) loan, in addition to the grant award's specific terms and conditions, the relevant federal Uniform Guidance or the 2 CFR 200 requirements shall be followed. No award shall be permitted to any vendor for any contract or sub-contract at any tier level for a vendor which is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549, "Debarment and Suspension" or debarred by the California Division of Labor Standards Enforcement.
 - J. A pre-qualification process to identify qualified construction contractors may be used for public works projects. For procurements funded by a federal or state loan or grant, or an SRF loan, in addition to the grant award's specific terms and conditions, the relevant federal Uniform Guidance or the 2 CFR 200 requirements shall be followed.

6.15 MULTIPLE-YEAR CONTRACTS

Multiple-year contracting may be used to acquire goods or services required for continuity of operations and uninterrupted support at the sole option of the District. These contracts may be procured by competitive bidding or negotiation in compliance with this Policy. The total performance period of a multiple-year contract shall not exceed five (5) years unless otherwise recommended by the Director of Finance & Administration and authorized by the General Manager. The option years available in a multiple-year contract shall not obligate the District beyond the initial award period.

A. Option Year Contract Requirements:

1. The contract shall state the base contract period and the number of option years available to be exercised by the District.
2. The District shall provide notice of its intent to exercise an option year so as to provide the contractor adequate lead time to ensure continuous performance.
3. The District, at its sole discretion, may exercise a portion of an option year if it is deemed in the best interest of the District.

4. If the base contract duration exceeds one year, funds typically will be encumbered for the first year only. The initial purchase order may be amended to include subsequent budgeted amounts or new purchase orders may be issued. Should funds not be budgeted in subsequent years, the District retains the right to terminate the contract in accordance with the contract terms.

B. Exercise of Option Years

1. When the contract provides for economic price adjustment and the contractor requests a revision of the price, the Finance & Administration Department shall evaluate the effect of the adjustment on prices under the option year before the option year is exercised.

C. Requesting department may exercise options only after determining that:

1. Funds have been budgeted.
2. The vendor's requested economic price adjustment is reasonable and justified.
3. The exercise of the option is the most advantageous method of fulfilling the District's needs, price, and other factors considered.

D. The requesting department shall not employ option years if:

1. The vendor's requested economic price adjustment is unreasonable in light of current economic indicators.
2. Market prices or competition for the supplies or services involved may have changed.
3. The District's requirements have changed since the original contract was awarded, unless it is deemed by the Director of Finance & Administration that continuing with the contract is in the best interest of the District.
4. It is not in the best interest of the District.

For multiple-year agreements, procurement authorization shall be determined by the maximum total dollar value that may be awarded over the duration of the contract, including any option years. Yearly renewals, if required (and noted in the original Board Action Item), may then be authorized by the General Manager or its designee, as reflected in the original Board item.

Example 1: A multiple-year agreement, including option years, for goods is estimated in the amount of \$120,000 in the first year. This would require Board authorization for the first year of the contract and all option years. The execution of option years would be approved by the General Manager provided the terms and conditions of the original

agreement remain unchanged and the option years were noted in the original Board Action Item.

Example 2: A five-year agreement (a three-year agreement that includes 2 one-year options) for services estimated at \$30,000 each year. Although each year is individually under the General Manager's authorization, the total cost of the five-year procurement exceeds \$100,000 and must be approved by the Board of Directors.

6.16 DEBT SERVICE PAYMENTS

The District will adhere to all previously approved bond documents and leases entered into and approved by the Board as documented in the approved minutes for the purpose of making debt service payments and lease payments with the following limitations:

- A. The Board shall approve a budget that specifies the prescribed debt service and lease payments for each fiscal year. The budget document shall specify the funding source of each such payment.
- B. District staff need not use a purchase order or written contract for the purpose of making a debt service or lease payment.
- C. District staff need not use a purchase order or written contract for the purpose of paying customary services related to administering a bond issue (i.e., trustee fees, brokerage fees, etc.), as long as those services do not contradict the original bond documents or lease arrangements and those services.

6.17 ELECTRONIC PAYMENTS

The Finance & Administration Department will provide for electronic payments for the following types of Invoices:

- A. Debt service payments and trustee fund transfers.
- B. Payments to other governmental agencies (IRS, CDA, etc.).
- C. Any approved vendor payment at the discretion of the Director of Finance & Administration.

All electronic payments will require two individuals to implement. The initiator will enter the transfer but may not authorize the transaction. The authorizing employee must be a Manager above the initiating employee.

All electronic payments shall be summarized and approved by the Director of Finance & Administration or Finance Manager prior to entry in the online system.

Any vendor desiring payment electronically must complete the electronic funds transfer enrollment form in its entirety with the proper authorized signature and required documentation. Information needed, at a minimum, shall include the following:

- Name of Company
- Company Address
- Name of Bank/Institution
- Bank/Institution Address
- Account Number
- Routing Number

6.18 VEHICLES

- A. The Director of Operations or his/her designee is responsible for maintaining the authorized District fleet and the procurement of all vehicles.
- B. Departments should submit all replacement and new vehicle requests through the Director of Operations or his/her designee as part of the annual budget process review and approval.

Capital vehicle expenditures will be addressed as follows:

1. Replacement vehicles will require Board authorization through the annual budget approval process. Also, Board approval is required for the actual purchase authorization.
2. Additions to the authorized District fleet vehicles, whether a product of additional staffing approvals, or changes in department services, will require specific Board approval and funding authorization.

6.19 SURPLUS PROPERTY

All District staff shall submit to the Director of Operations or his/her designee annually, a report showing all capital assets such as supplies, materials, and equipment that are no longer used or, as applicable, worn out or obsolete. Prior to the disposal of any state or federal loan or grant or SRF-loan funded surplus item, approval must be received from the funding agency.

The department will coordinate with the Director of Operations or his/her designee and the Accounting Supervisor. If applicable, the Accounting Supervisor will identify all items to be removed from the District asset records. For capital assets purchased with District funds, the net book value will be used to determine the value of the surplus item. This is applicable only if the asset on a single-item basis qualified as a capital asset. Prior to disposal the District shall endeavor to find a way to recover the current market value. For non-capital assets, items under the asset classification threshold as defined in this policy,

and that is considered of minimal value due to spoilage, obsolescence or other cause or where the District determines that the cost of disposal of such property would exceed the recovery value, the District shall dispose of the assets in a manner deemed appropriate and in the best interest of the District.

Capital assets identified as surplus for disposal will be listed on the District approved report form and forwarded to the Finance Committee for review and possible recommendation to the Board to be declared as surplus for sale or other disposal, except for those non-capital assets that are considered of minimal value as described above.

Upon Board approval, the surplus Items will be sold at auction, if possible, or otherwise transferred to a charitable organization exempt under Section 501(c)(3) or similar provision of the Internal Revenue Code or disposed of in a manner deemed appropriate by the Director of Operations or his/her designee and approved by District Legal Counsel.

Members of the Board and District staff involved in the decision to declare items surplus are not allowed to purchase any of those items at auction.

SECTION 7: STANDARDS OF CONDUCT IN PROCUREMENT

7.1 CONFLICT OF INTEREST

Employees must follow the Fraud & Ethics Policy adopted by the Board (Resolution No. 2331). Employees must follow applicable laws, rules, and regulations in regard to conflicts of interest including, but not limited to, the Political Reform Act, the prohibition against prohibited interests in contracts, and guidelines in the California Code of Regulations.