



**Beaumont Cherry Valley Water District
Agenda
Meeting of the Board of Directors
Wednesday, September 12, 2007 – 7:00 P.M.
1210 Beaumont Avenue**



*This is a low
water usage
plant.*

*"Nafray Select"
(Pennisetum
alopecuroides)*



BEAUMONT CHERRY VALLEY WATER DISTRICT

AGENDA REGULAR MEETING OF THE BOARD OF DIRECTORS WEDNESDAY, September 12, 2007 – 7:00PM 1210 Beaumont Avenue, Beaumont CA 92223

Assistance for the Disabled: If you are disabled in any way and need accommodation to participate in the meeting, please call Blanca Marin Administrative Assistant, at (951) 845-9581 Ext. 23 for assistance so the necessary arrangements can be made.

1. Call to Order, Pledge of Allegiance, Invocation and Roll Call – President Parks
2. Adoption and Adjustment of Agenda (additions and/or deletions)

Recommendation: Move to adopt the Agenda

BALL	M	S	A	N
CHATIGNY	M	S	A	N
DOPP	M	S	A	N
LASH	M	S	A	N
PARKS	M	S	A	N

3. Executive Session

- a) Pursuant to Government Code Section 54956.9 Discussion and Possible Action Regarding Anticipated Litigation.
- b) Pursuant to Government Code Section 54956.9 Discussion and Possible Action Regarding Existing Litigation, Beaumont Cherry Valley Water District vs. Calimesa.

4. Verbal Presentation by Joe Reichenberger Regarding the Status of Groundwater Storage Account.

5. Action Items

- a) Approval of Facility Fee Outlined in Raftelis Financial Report.

BALL	M	S	A	N
CHATIGNY	M	S	A	N
DOPP	M	S	A	N
LASH	M	S	A	N
PARKS	M	S	A	N

- b) San Geronio Pass Agency's Letter Inviting Beaumont Cherry Valley Water District to Joint Meetings.

BALL	M	S	A	N
CHATIGNY	M	S	A	N
DOPP	M	S	A	N
LASH	M	S	A	N
PARKS	M	S	A	N

6. Public Input

Anyone wishing to address the Board on any item that is not set for public hearing, or any topic within the Board's jurisdiction that is not on the agenda, may do so at this time. This is not a time for Board Member comment or action, but the Board may ask questions for clarification or make a referral to staff for factual information to be reported back to the Board at a later meeting. When called upon, please step forward, state your name and address for the record, who you represent and any statement you wish to make. Presentations are limited to three minutes.

7. Adoption of Minutes

- Minutes of the Regular Meeting August 22, 2007

BALL	M	S	A	N
CHATIGNY	M	S	A	N
DOPP	M	S	A	N
LASH	M	S	A	N
PARKS	M	S	A	N

8. General Manager's Report

a) Vineland III Tank

b) Wells, 25,26 & 29

9. Finance and Audit Committee Report

- a) Approval and payment of vendor invoices for the month of August 2007.

BALL	M	S	A	N
CHATIGNY	M	S	A	N
DOPP	M	S	A	N
LASH	M	S	A	N
PARKS	M	S	A	N

10. Announcement.

- a) President Parks, Vice-President Ball, Director Dopp and General Manager Butcher confirmed their attendance to the Breakfast Conference on September 20th.

11. Adjournment.

Item 4

BEAUMONT CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue

Beaumont, CA 92223

(951)-845-9581

August 16, 2007

MEMORANDUM

TO: Board of Directors, BCVWD

FROM: J. Reichenberger
District Engineer



SUBJECT: Status of Groundwater Storage Account

Background

At the last Board meeting I made a presentation on the State Water Project shutdown and how it affected our ability to bank water in the Beaumont Basin. A comment was made by one of the Directors that an update on how the District's storage account status compares with that projected in the 2005 Urban Water Management Plan (UWMP) update. As you recall at the end of 2005 the District updated its UWMP as required by law. This required making projections of water demand and supply for the next 20 years and to evaluate the water supply system under different drought scenarios.

In the UWMP (Table 2-9) the District projected demands and water needs and estimated banked water in the Beaumont Basin. This memo provides an update as to where we stand relative to our planning estimates.

Analysis

The attached spreadsheet takes a look at the period from 2004 through 2015. Data for the years 2004, 2005 and 2006 are based on actual records. From 2007 on, we can only make estimates.

In 2005 our demands were very close to the UWMP estimates. The year 2006 had significantly higher demand than the UWMP projected. Obviously this is due to the large increase in housing units coming on line, but also the large amounts of water used to establish landscaping and supply construction water. There has been a slowdown in the development this year compared to last year. But in spite of that, we estimate the demands will increase over 2006.

In 2006 the District initiated the recharge of imported water; 4100 acre-ft were spread by the District in 2006. We spread about 2500 acre-ft this year (2007) so far. It is not known if anymore water will be available. We understand from the Pass Agency, there is about 1800 acre-ft or so of Table A water which is yet to be delivered. If the District can

get some of this water and spread it, it will increase the amount and help our storage account.

In 2007 the District purchased water from South Mesa Water Company (SMWC) on two occasions for a total of 2500 acre-ft. In future years, according a tentative agreement with SMWC, I have estimated 1000 acre-ft would be purchased. The actual amount could be more than that depending on how much SMWC needs.

At the end of 2006, the spreadsheet shows the District's storage account is essentially "empty." (It is actually 28 acre-ft negative.). At the end of 2007, the balance should be at least 273 acre-ft positive. However, this is far below the 17, 639 acre-ft projected in the UWMP.

It is also important to note that beginning in 2009, the Watermaster will begin to redistribute unused overlier rights. In the Judgment, each overlier was given a share of the safe yield. If, over a 5-year period, the overlies did not pump their allocation, the difference between what they pumped and what they were allocated would be redistributed to the appropriators (like the District). The spreadsheet shows this amount will be about 1600 acre-ft, beginning in 2009.

The spreadsheet shows a larger amount of imported water needed than projected in the UWMP. This is done to "catch up." (The UWMP projected about 6800 acre-ft per of imported water.)

Recycled water will start in 2009 and increase over the study period as wastewater flow increases.

If the District follows the plan in the spreadsheet, we should be up to 21, 400 acre-ft in storage by 2015. Even this is not enough. We really should have more in the account to provide flexibility.

One of the principal reasons we are short in the storage account is the fact that recycled water was assumed to start in 2006. This did not happen and will not happen until 2009. So this is about 10,000 acre-ft of water which we have not used. Being cut back in State Project Water this year is impacting the storage account also.

Approval by the State of the grant/loan to complete the recycled water project looks very good. According to the State the revised application we submitted in May/June addressed all of their issues. We have had just a few questions this week from the environmental group at the State which required some clarification. The project should move forward as scheduled and be ready by late 2009.

Recommendations

1. BCVWD must aggressively pursue getting as much imported water into the storage account as possible. If there is water available for purchase, the District should take advantage of this to build up the account.
2. Pass Agency needs to order Article 21 water and look to purchase Turnback Pool Water at any opportunity if it is available. They must also order their full Table A amount in 2008 and beyond.

3. The Pass Agency's current Table A amount of 17,300 acre-ft needs to be increased substantially and the Agency needs to take steps to acquire additional supplies. I recommend the District stand ready to offer assistance in this pursuit. It takes time to do this and involves CEQA documentation and State Water Contractor and probably DWR approvals.

**Beaumont Cherry Valley Water District
Current and Projected Status of Groundwater Storage Account**

Managed Storage (Temp Surplus) BCVWD Adjudicated Share of Managed Storage (Temporary Surplus)	160,000 ac-ft	42.51%											
	2005 UWMP Demands	Actual and Projected Demand, ac-ft	Edgar Canyon Extractions, ac-ft	Non-potable or Recycled Water to Overlyers, ac-ft	Recycled Water to Existing Demand, ac-ft	Beaumont Basin Extractions, ac-ft	Managed Storage (Temp Surplus), ac-ft	Purchased Imported Water Spread, ac-ft	Recycled Water Recharged, ac-ft	Unused overlie Rights Redistributed to Appropriators, ac-ft	Net Water to/from Storage, ac-ft	Accumulated Water in Storage Account, ac-ft	2005 UWMP Storage, ac-ft
2004	8787	8565	1308			7259	6802				-457	-457	3294
2005	8787	8948	1484			7384	6802	4100			-582	-1040	3294
2006	10708	12439	2549			9890	6802				1012	-28	10804
2007	12689	14000	2500			11500	6802	2500			302	273	17639
2008	14609	15000	2600			12400	6802	1000			402	675	28039
2009	16472	16470	2600		1200	12670	6802	1000		1600	4732	5407	33146
2010	18029	18030	2600		2500	12930	6802	1000		1600	4472	9878	41599
2011	19421	19420	2600		3000	13820	6802	1000		1600	3582	13460	49382
2012	20814	20810	2600		3500	14710	6802	1000		1600	3692	17151	56349
2013	21923	21920	2600		3500	15820	6802	1000		1600	2582	19733	62660
2014	22781	22780	2600		3500	16860	6802	9000		1600	1722	21455	61771
2015	23213	23210	2600		3800	16810	0	9000		1600	-6210	15245	60707

Notes:

1. 2004, 2005, and 2006 based on actual records. 2007 and beyond are estimates.
2. Imported water needs are increased to make up for late start of recycled water and stormwater capture project and reduced SPW deliveries in 2007.
3. SMWC purchases in 2007 were 1500 ac-ft in January and 1000 ac-ft later in the year. Beyond 2007 are only estimates and will continue on until 2014 per tentative agreement.
4. Amounts do no include transfer of overlie rights resulting from development of overlie's property.
5. Redistribution of unused overlie rights will begin in 2009 after first 5-yr averaging period. Amount is estimated.

BEAUMONT CHERRY VALLEY WATER DISTRICT

560 Magnolia Avenue

Beaumont, CA 92223

(951)-845-9581

August 21, 2007

MEMORANDUM

TO: Directors

FROM: J. Reichenberger
District Engineer



SUBJECT: Director Ball's request

Director Ball had a request that when the Board approved the UWMP Dec 2005/Jan 2006, the Board approved it contingent on getting the MOU between the City and District that the District would get the recycled water from the City and the District would control the recycled water system. See the attached request.

As part of the SRF loan application to the State for completion of the recycled water backbone system, the District Engineer compiled all of the MOUs relating to recycled water. A chronology was prepared for the State Application. Also included was a letter from the City Manager that clearly states the District will get the recycled water and operate the recycled water system.

Attached are the relevant documents.

Agreement with the City of Beaumont for Recycled Water

BCVWD and the City of Beaumont have been discussion water reclamation and reuse for many years dating back to 1993. Since that time there have been a number of modifications to that agreement.

- ***Cooperative Agreement between the City of Beaumont and the Beaumont Cherry Valley Water District – March 8, 1993.*** This Agreement set forth interim fess and clearly defined the BCVWD as the constructor of the recycled water system; required the City to establish a reclaimed water use ordinance; and directed the City Manager and BCVWD to negotiate and prepare a reclaimed water purchase agreement. (See Attached)
- ***Joint Financing Agreement between the City of Beaumont Community Facilities District No 93-1 and Beaumont Cherry Valley Water District – June 29, 1993.*** This Agreement set up the “ground rules” under which the Community Facilities District would finance the necessary facilities identified in the 1993 Cooperative Agreement.
- ***Implementation Memorandum of Understanding Relating to Cooperative Agreement between the City of Beaumont and the Beaumont Cherry Valley Water District –March 1998.*** This Implementation Memorandum gave the City of Beaumont the authority to construct and operate the recycled water system.
- ***Amended and Restated Joint Financing Agreement between the City of Beaumont Community Facilities District No 93-1 and Beaumont Cherry Valley Water District – December 1, 1999.*** This Agreement amended the June 29, 1993 Joint Financing Agreement. BCVWD facilities for water reclamation were identified.
- ***Memorandum of Understanding, Recycled Water System Delivery Project for Oak Valley Champions – November 22, 2002 and revised March 4, 2003.*** This Memorandum rescinded the March 1998 Implementation Memorandum, and memorializes the fact that BCVWD levies and collects fees from private developers for a recycled water fee and advanced \$360,000 to the City of Beaumont for facilities and equipment to facilitate the delivery of recycled water to the project (to partially fund the planning, design and construction of storage, pumping and other facilities at the treatment plant and directed the City to expand their wastewater treatment plant.

These agreements imply, through a paper trail, that the City intends to furnish recycled water to BCVWD for sale and distribution.

Included with this section is a **letter from the City of Beaumont** further clarifying the fact that the City will provide recycled water to BCVWD.

Other Supporting Information

BCVWD applied for a Master Water Recycling Permit with the Regional Board in November 2006 and submitted a Title 22 Engineering Report. An excerpt from the Title 22 Report is included in this Attachment. The Report clearly indicates the City will be providing recycled water to BCVWD.

The Regional Board's response was provided to BCVWD and the City in a letter dated March 2, 2007 and further supports the fact that the City will provide recycled water to BCVWD.

BCVWD and the City are in discussions relative to providing wastewater treatment capacity for a portion of the currently unsewered and unincorporated community of Cherry Valley. Sewering this area, as recommended in the UWMP, will provide additional water available for recycling. The City of Beaumont and BCVWD have agreed to evaluate the feasibility of BCVWD taking over the City's wastewater collection and treatment system. If finalized, the District would be the owner and operator of the wastewater system. The agreement provides for this to be completed within a two year period.

Agreements with Other Parties

The District has an agreement with the San Geronio Pass Water Agency (Pass Agency) to purchase imported State Project Water. The initial order was placed in 2005 with deliveries commencing in September 2006. These deliveries are still ongoing. The District has a water purchase order in to the Pass Agency for 2007.

BCVWD, being a member of San Timoteo Watershed Management Authority (STWMA), coordinates with other STWMA members including the City of Banning and Yucaipa Valley Water District.

BCVWD is a party to the Beaumont Basin Adjudication and has representation on the Watermaster Board.

Developers are required to execute main extension agreements and, in many cases, annexation agreements, which stipulate the water supply and recycled water facilities that are required to be installed as part of the condition for water service. These agreements imply the use of recycled water for irrigation and other approved direct use applications. Several sample agreements are included in Attachment 15.

COOPERATIVE AGREEMENT
BETWEEN THE CITY OF BEAUMONT AND THE
BEAUMONT CHERRY VALLEY WATER DISTRICT

THIS COOPERATIVE AGREEMENT (the "Agreement") is made and entered into as of March 8, 1993, by and between the CITY OF BEAUMONT, a municipal corporation and public agency of the State of California (hereinafter the "City") and the BEAUMONT CHERRY VALLEY WATER DISTRICT, a public agency organized and existing pursuant to Division 11 (commencing with Section 20500) of the California Water Code (hereinafter the "District").

RECITALS

A. The City and the District recognize the need to facilitate implementation of the City General Plan and Public Facilities Financing Program to insure logical and orderly development within the City and the service areas of the District.

B. The City and the District likewise recognize the need to cooperate in a long-term program to maintain safe groundwater management practices in the service area of the District and recognize the need to establish funding mechanisms to provide for the acquisition and development of new sources of water supply, including reclaimed water and imported water, in such a way as to protect and preserve the existing water supply.

C. To such end the City is contemplating the formation of a public financing district, and specifically proceedings for the formation of Community Facilities District No. 93-1 (hereinafter referred to as "CFD No. 93-1"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Section 53311 et seq. of the California Government Code (hereinafter the "Act"), for the purpose of financing the acquisition and construction of certain public facilities to benefit an area of land proposed for development designated as the Project Area, as shown on Exhibit "A" hereto, within the boundaries of the City, which facilities include domestic and reclaimed water facilities and sewer facilities (the "Facilities"), as described in Exhibit "B" to this Agreement.

D. The proceedings to establish CFD No. 93-1 shall include a special election in which the qualified electors will be asked to authorize formation of CFD No. 93-1 and the sale of bonded indebtedness secured by a special tax therein to fund, inter alia, debt service on such bonded indebtedness. It is contemplated that bonds will be issued pursuant to a Fiscal Agent Agreement or Bond Indenture approved by CFD No. 93-1.

E. In contemplation of the issuance and sale of bonds, it is expected that several of the developers within CFD No. 93-1 will be required to advance moneys for the purpose of financing the design and engineering of certain public facilities and the payment of certain costs of the City and the District, including their respective consultants.

F. The City and the District each have an interest in and recognize the need for the Facilities and express their intent to enter into an agreement (the "Joint Financing Agreement") pursuant to Sections 53316.2, 53316.4 and 53316.6 of the Act describing, inter alia, the terms and parameters related to the design and construction of such facilities and the transfer of such facilities to the District which will own, operate and manage such facilities.

G. The City and the District acknowledge that in addition to the Facilities, the development plans for the area within CFD No. 93-1 may include the construction of additional water, reclaimed water and sewer facilities, which may be an integral component to the utilization of the Facilities.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained the parties agree as follows:

1. Cooperation to Facilitate Orderly Growth. The City and the District shall cooperate to implement mutually beneficial plans and programs to insure logical and orderly economic development in the City and the City sphere of influence, and safe groundwater management practices in the service area of the District. Such plans and programs shall include, but not limited to, the following:

City General Plan

City Comprehensive Public Facilities Financing Program

District groundwater management programs and facility master plans

City and District mitigation fee programs

2. Interim Mitigation Fees and Phasing Schedule. The City and the District shall adopt and impose interim mitigation fees (the "Interim Mitigation Fees") in accordance with the schedule of fees and list of authorized facilities and new sources of water supply indicated below. The Interim Mitigation Fees shall provide the financial basis to master plan, design, process, permit and construct water importation, water distribution, wastewater treatment and water reclamation

facilities until such time as definitive Mitigation Fees are established. The calculations for the following fees are shown on Exhibit C attached hereto.

Interim Mitigation Fees

City Sewer Fees	
Capacity Fee	\$2,772 per EDU
Trunk Main	525 per EDU
District Water Fees	
Facility Fee ¹	2,065 per EDU
Reclamation Fee	376 per EDU
New Imported Water Fee ²	386 per EDU

-
- ¹ Existing Fee
² New imported water exceeding the existing San Geronio Pass Water Agency entitlement of 17,300 acre feet of State Water Project water per year

Interim Authorized Facilities and New Sources of Water Supply

<u>Responsible Agency</u>	<u>Source of Supply</u>
District	Existing Water Reclamation
District	Imported Water
District	New Water Reclamation

3. Definitive Mitigation Fees and Phasing Schedule.

Within eighteen (18) months following the first bond sale of CFD No. 93-1 and adoption of Interim Mitigation Fees, the City and the District shall initiate detailed studies and adopt definitive mitigation fees and phasing schedule (the "Definitive Mitigation Fees and Phasing Schedule") for water importation, water distribution, wastewater treatment and water reclamation facilities as required to serve land within CFD No. 93-1. Consideration shall also be given and mitigation fees adopted throughout the City to accommodate development in accordance with the City General Plan and the District Master Facilities Plan. Mitigation Fees shall be collected in accordance with mitigation and development agreements between property owners and applicable public agencies or may be paid by public financing districts through the sale of bonds, which will be repaid by property

owners participating in such financing districts through the collection of special taxes or assessments.

4. Joint Financing Agreement. The District shall cooperate with the City in the formation of public financing districts by entering into a Joint Financing Agreement, pursuant to Sections 53316.2, 53316.4 and 53316.6 of the Act, or a Utility Agreement, pursuant to Section 10110 of the California Streets and Highways Code, as applicable, relating to facilities which will be financed by the City and transferred to the District which will own, operate and maintain such facilities.

5. Mitigation Fee Credits. Mitigation Fees (excluding annexation fees) shall be waived, reduced and/or credited by the District for the benefit of property participating in any public financing district for facilities for which such Mitigation Fees are collected, to the extent the property provides security for obligations (i.e. bonds, BANs) issued by such public financing district, or as otherwise provided by Development Agreements between individual landowners and the respective water and sewer agencies.

6. Mandatory Reclaimed Water Use. City shall adopt an ordinance which will require the use of reclaimed wastewater for irrigation purposes in accordance with State law within six (6) months of the sale of bonds to construct the treatment plant modifications necessary to deliver reclaimed water. District shall, within said six (6) month period, develop and adopt applicable rules, regulations and standards governing the design, construction and operation of reclaimed water facilities.

7. Mandatory Water Conservation. City shall adopt an ordinance which will require the conservation of water in accordance with District policies within six (6) months of the first sale of bonds for the facilities to be constructed by CFD No. 93-1.

8. Reclaimed Water Purchase Agreement. The City shall direct its City Manager and the District shall direct its General Manager to negotiate and prepare a Reclaimed Water Purchase Agreement which shall be presented to the City Council and the Board of the District for approval within eighteen (18) months of the approval and execution of this Agreement. The Water Purchase Agreement shall establish water quality criteria in accordance with Santa Ana State Regional Water Quality Control Board ("Regional Board") directives. Consideration for reclaimed water shall be based on a percentage of net revenues received by District, net of operation, maintenance and depreciation costs related to the District reclaimed water distribution system. The City shall use all revenue from reclaimed water sales to establish a restricted account for improvements to the wastewater treatment plant in accordance with Regional Board directives.

9. Interim Financing. The City and the District shall cooperate to obtain interim financing to purchase imported water supplies and/or facilities as required by the District to serve land within CFD No. 93-1. Such interim financing sources may include the use of bond anticipation notes ("BANs") issued by the City prior to the scheduled issuance of bonds of CFD No. 93-1. Such interim financing shall (i) result in mitigation fee credits to the properties obligated for the payment of special taxes which secure such interim financing to the same extent as are other costs funded in the bond program and (ii) be subject to repayment in full from proceeds of CFD No. 93-1 bonds.

10. Annexation to the District and Water Connection Permits. At the time of annexation to the District, participating properties in CFD No. 93-1 shall enter into an annexation agreement with the District establishing terms and conditions for service. Following the funding of the facilities identified in Section 2 and Exhibit "B" of this Agreement and/or the payment of Mitigation Fees described in Sections 2 and 3 hereof, the District will unconditionally reserve appropriate water connection permits for the sole use of properties participating in CFD No. 93-1 on a pro rata basis to the extent that participating CFD No. 93-1 property owners have funded such facilities through the sale of bonds, payment of Mitigation Fees or other source of financing, as established in the annexation agreement.

11. Issuance of "Will Serve" Letters by District. Upon execution of this Agreement by all parties, the District will issue an unconditional "will serve" letter to the City for new EDUs required to serve projects participating in CFD No. 93-1. The District "will serve" letter will only be restricted in accordance with the terms of this Agreement and applicable District policies.

12. No Challenge to CFD No. 93-1 Formation. The District agrees not to challenge in any manner the formation of CFD No. 93-1 or the imposition of the special tax established therein by the City during validation proceedings, if such proceedings are utilized, or otherwise.

13. District Costs to Prepare Agreement. The City shall reimburse the District for consultant services costs incurred in the review and approval of this Agreement in the event that CFD No. 93-1 bonds are not sold.

14. Reference to Related Agreement. The City and the District acknowledge that there are provisions which must be agreed to between the City, the District and the San Geronio Pass Water Agency (the "Agency") with regard to the completion of regional facilities, the imposition of capacity charges, as well as potential alternative financing procedures for the completion of regional facilities. These provisions are incorporated in a

separate agreement between the City, the District and the Agency, and to the extent the terms of this Agreement impact the Agency, such terms are made subject to the terms of such separate agreement.

15. CEQA Proceedings. The City, the District and the Agency recognize and acknowledge that before the construction of any new facilities may be approved, there must be conducted appropriate proceedings under the California Environmental Quality Act ("CEQA") to determine the environmental impact of the project and, based upon that impact, or lack thereof, whether or not the project should be approved. In entering into this Agreement, the parties have not prejudged the potential outcome of the CEQA proceedings, but are reaching accord in the event the plan receives CEQA approval.

16. Notice. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party or other person shall be deemed to have been received when personally delivered or seventy-two hours following deposit of the same in any United States Post Office in California, first class, postage prepaid, addressed as follows:

City: City of Beaumont
550 E. Sixth Street
P.O. Box 158
Beaumont, California 92223
Attn: Dayle Keller, City Manager
Tel: (909) 845-1171
FAX: (909) 845-8483

District: Beaumont Cherry Valley Water District
560 Magnolia Ave.
P.O. Box 2037
Beaumont, California 92223
Attn: Chuck Butcher, General Manager
Tel: (909) 845-9581
FAX: (909) 845-0159

Either party may change its address for delivery of notice by delivering written notice of such change of address to the other parties.

17. Captions. Captions to Sections of this Agreement are for convenience purposes only and are not part of this Agreement.

18. Severability. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Agreement and the remaining parts shall remain in full effect as though such invalid or unenforceable provision had not been a part of this Agreement.

19. No Third Party Beneficiaries. The parties do not intend the benefits of this Agreement to inure to any third party, nor shall any of this Agreement be construed or make or render the City, the District or the Agency liable to any materialman, supplier, contractor, subcontractor, or purchaser, or for debts or claims accruing to any such persons. Notwithstanding anything to the contrary contained herein or in any document executed in connection with this transaction, or any conduct or course of conduct by any party hereto, before and after signing, this Agreement shall not be construed as creating any claim, right or cause of action against the City, the District, the Agency, or their respective officers, directors, agents, administrators, engineers, consultants, or employees in favor of any materialman, supplier, contractor, subcontractor or purchaser, or the like.

20. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

21. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the matters provided herein.

22. Amendments. This Agreement may be amended or modified only in writing signed by the parties hereto.

23. Exhibits. The following exhibits attached hereto are incorporated into this Agreement by reference.

<u>Exhibit</u>	<u>Description</u>
"A"	Map of Project Area
"B"	Water, Reclaimed Water and Sewer Facilities Description and Budget

24. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year indicated below.

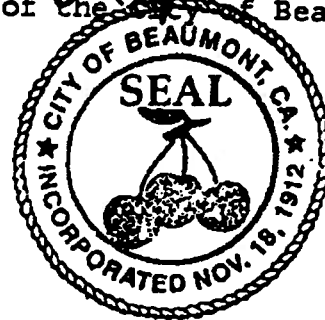
CITY OF BEAUMONT

By: Jan Lepa
Mayor of the City of Beaumont

DATED: March 8, 1993

ATTEST:

By: Julia White (Deputy)
City Clerk of the City of Beaumont



BEAUMONT CHERRY VALLEY WATER DISTRICT

By: Roland A. Russell
Name:
Title:

DATED: March 8, 1993

ATTEST:

By: J. Butler
Name:
Title:

EXHIBIT "A"
MAP OF PROJECT AREA

EXHIBIT "A"

BBCVWDJ

[illegible]

RECORDED BY J. L. ...

THE UNIVERSITY OF CHICAGO

NOTES

Trans-Pacific Consultants
27447 Lakeshore Circle West
Yermoland, Ca. 92390

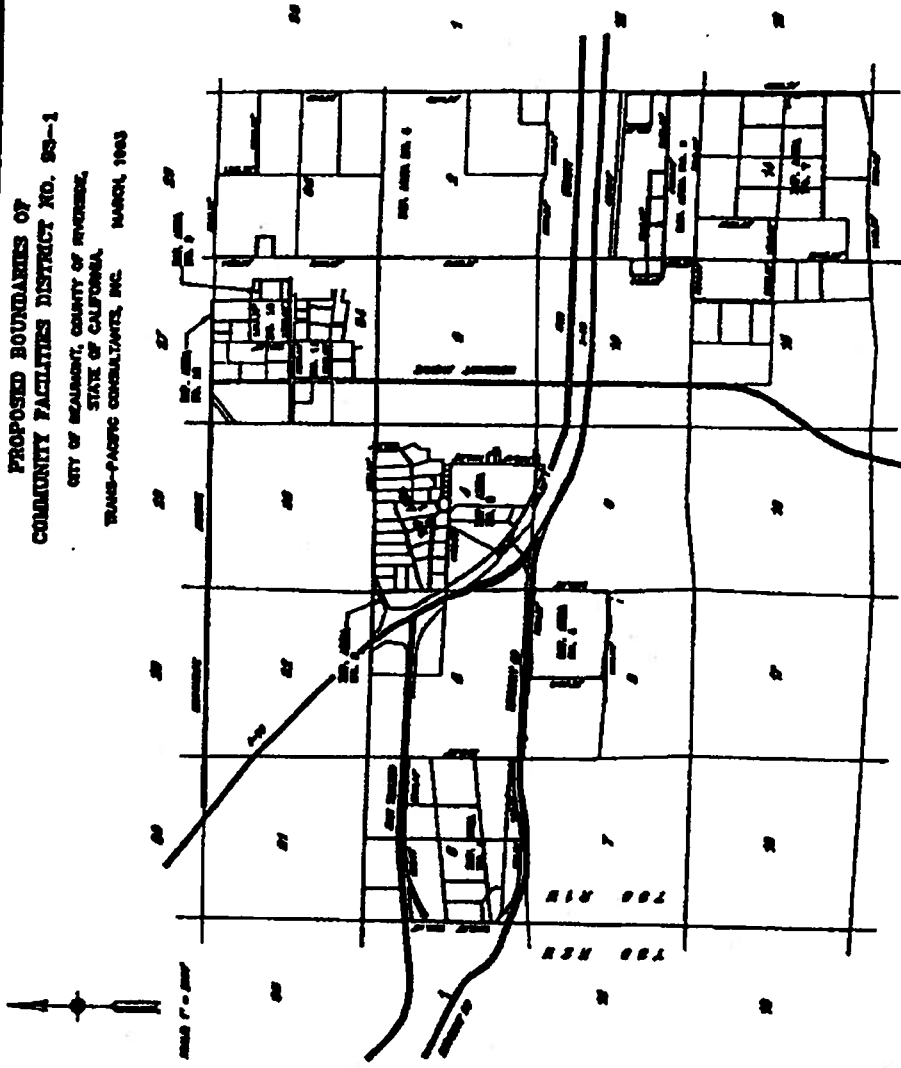


EXHIBIT "B"

**WATER, RECLAIMED WATER AND SEWER FACILITIES
DESCRIPTION AND BUDGET**

BEAUMONT CHERRY VALLEY WATER DISTRICT

- 1. Imported Sources of Water**
- 2. Master-Planned Potable Water Facilities**
 - a. Transmission Mains**
 - b. Storage Reservoirs**
 - c. Pump Stations**
 - d. Reduction Stations**
 - e. Production Wells**
 - f. Appurtenances**
 - g. Master Plans and Facility Design**
 - h. Treatment Facilities**
- 3. Master-Planned Reclaimed Water Facilities**
 - a. Transmission Mains**
 - b. Storage Reservoirs**
 - c. Pump Stations**
 - d. Injection Wells**
 - e. Spreading Basins**
 - f. Appurtenances**
 - g. Master Plans and Facility Design**

EXHIBIT "B"

**JOINT FINANCING AGREEMENT
BETWEEN CITY OF BEAUMONT COMMUNITY
FACILITIES DISTRICT NO. 93-1 AND
BEAUMONT-CHERRY VALLEY WATER DISTRICT**

THIS JOINT FINANCING AGREEMENT (the "Agreement") is made and entered into as of June 29, 1993 by and between the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, a legally constituted governmental entity organized and existing pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter "CFD No. 93-1") and BEAUMONT-CHERRY VALLEY WATER DISTRICT, a public agency organized and existing pursuant to Division 11 (commencing with Section 20500) of the California Water Code (hereinafter "BCVWD").

R E C I T A L S

A. Owners of property within the proposed boundaries of CFD No. 93-1 (hereinafter the "Property Owners") initiated by written petition and thereafter the City Council (hereinafter the "City Council") of the City of Beaumont (hereinafter the "City"), by adoption of Resolution No. 1993-06 on February 22, 1993 (hereinafter the "Resolution of Intention"), initiated proceedings for the formation of CFD No. 93-1, the boundary map of which is attached hereto, marked as Exhibit "A" and incorporated herein, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311 *et seq.* of the California Government Code (hereinafter the "Act"), to provide financing for the construction and acquisition of certain public facilities described in the Resolution of Intention (hereinafter the "Facilities"), which include the construction of certain potable and reclaimed water facilities to be owned and operated by BCVWD (the "BCVWD Facilities").

B. The facilities to be financed by the first series of special tax bonds (hereinafter the "Series 1993A Facilities") are as depicted and enumerated in Exhibit "B," which is attached hereto and incorporated herein. The balance of the Facilities are proposed to be constructed in the future and financed with subsequent series of special tax bonds of CFD No. 93-1.

C. The proceedings to establish CFD No. 93-1 include a special election wherein the qualified electors of CFD No. 93-1 are required to authorize any bonded indebtedness to be issued and to authorize the annual levy of a special tax (hereinafter the "Special Tax") within CFD No. 93-1 to fund debt service on bonded indebtedness incurred.

D. CFD No. 93-1 presently anticipates the issuance and sale of its Series 1993A Bonds in the principal amount of approximately \$20,000,000 in September of 1993 (the "Series 1993A Bonds"). The proceeds of the Series 1993A Bonds, or a subsequent series of bonds, may be used, in part, to construct a portion of the BCVWD Facilities on behalf of BCVWD, as provided in this Agreement.

E. CFD No. 93-1 and BCVWD desire to enter into this Agreement pursuant to Section 53316.2, 53316.4 and 53316.6 of the Act.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties agree as follows.

A G R E E M E N T

1. Sale of the Series 1993A Bonds and Use of the Proceeds. CFD No. 93-1 will proceed with the issuance and sale of the Series 1993A Bonds and any subsequent series of bonds at such time and in such amount as CFD No. 93-1, in its sole discretion, may determine is appropriate. The proceeds of the Series 1993A Bonds will be used, in part, to construct, on behalf of BCVWD, the BCVWD Facilities for the estimated dollar amounts shown in Section C of Exhibit "B" hereto. Additional BCVWD Facilities are proposed to be financed by subsequent series of bonds to be sold by CFD No. 93-1. Prior to the authorization of each subsequent series of bonds a separate exhibit and amendment to the Agreement will be entered into by the parties hereto, with respect to such additional BCVWD Facilities. CFD No. 93-1 shall make disbursements out of the proceeds of the Series 1993A Bonds to pay such costs and certain other incidental costs as hereinafter described. Such proceeds, however, may be expended by CFD No. 93-1 for any lawful purpose, including the financing of Facilities (other than the Series 1993A Facilities) required to serve land within CFD No. 93-1 and in accordance with the BCVWD Master Facility Plan. However, no such diversion shall occur with respect to the BCVWD Facilities without the consent of BCVWD. CFD No. 93-1 shall strictly account for the disbursements of the proceeds of the Series 1993A Bonds. The proceeds of any special tax levied by CFD No. 93-1 shall be utilized exclusively by CFD No. 93-1 for debt service, administration and services as provided in the proceedings establishing CFD No. 93-1 in accordance with Section 53316.6 of the Act.

2. Design and Construction of the BCVWD Facilities. Improvement Plans for the BCVWD Facilities are to be prepared by registered and licensed civil engineers retained by BCVWD or CFD No. 93-1, consistent with the procedures and policies of BCVWD and as set forth in this Agreement. The costs of the design and construction of said facilities, including the administrative and legal costs, shall be paid by CFD

No. 93-1 pursuant to a payment request from the proceeds of the sale of the special tax bonds up to the budgeted amount listed in Exhibit "B" in accordance with this Agreement. All contracts for the BCVWD Facilities shall be awarded and administered by the City in accordance with Section 8 hereto, as public works projects consistent with the applicable sections of the California Public Contract Code, Labor Code, Civil Code and Government Code. The contractor or contractors who will construct the BCVWD Facilities, or any portion thereof, shall be required to provide performance and payment bonds, each in a principal amount equal to 125% of the contract price plus 20% contingency and naming both BCVWD and CFD No. 93-1 as obligees. Said contractor or contractors shall also be required to name CFD No. 93-1 and BCVWD, and the employees, officers, directors, agents and consultants of each as additional insureds under a policy of general liability insurance in the amount of Two Million Dollars (\$2,000,000) per occurrence. The bid and contract documents shall include the bond and insurance requirements as set forth herein or as determined by mutual agreement of CFD No. 93-1 and BCVWD at the time of advertising for bids and said requirements shall not be less than those stated above. The parties acknowledge that design and engineering costs of the BCVWD Facilities may be paid by the City or BCVWD from deposits made by property owners or developers within CFD No. 93-1 in contemplation of reimbursement according to Section 4 below from the proceeds of the Series 1993A Bonds. CFD No. 93-1 agrees to reimburse the Property Owners for eligible costs from deposits made from the proceeds of the sale of the Series 1993A Bonds.

3. Design and Construction Budget of the BCVWD Facilities. Section C of Exhibit "B" sets forth the budget for the design, engineering and construction of the BCVWD Facilities. In addition to the cost of engineering and design, specification and bid preparation, and the construction of the BCVWD Facilities, such costs may include, without limitation, the estimated costs of permits, licenses, easements, land, engineering, inspection and legal fees, construction contingency and a share of the general and administrative costs of BCVWD, CFD No. 93-1 and the City reasonably devoted to the design, approval and inspection of the BCVWD Facilities.

4. Engineering and Design of the BCVWD Facilities. BCVWD, with the agreement of CFD No. 93-1, shall retain such qualified consultants, including properly qualified registered civil engineers (hereinafter these engineers may individually or collectively be referred to as the "Design Engineer") to design and prepare detailed bid documents, construction plans and specifications (hereinafter the "Bid Documents") for the BCVWD Facilities, including required system layout drawings and construction plan-profile drawings, in accordance with BCVWD's standard design criteria. The Bid Documents shall be submitted along with required plan check deposits and will be reviewed and approved (or rejected) within a reasonable period following their submission. Upon final approval of said plans by

BCVWD and the City, CFD No. 93-1 shall prepare and submit a Payment Request Form as provided by the Fiscal Agent Agreement entered into by the City and the Fiscal Agent designated for CFD No. 93-1 (hereinafter the "Fiscal Agent Agreement") for payment of all reasonable costs incurred by BCVWD or the City, including reimbursements to Property Owners, for engineering, design and plan preparation for said facilities as approved by the City. CFD No. 93-1 shall reimburse to BCVWD or the City from the proceeds of the sale of the Series 1993A Bonds such amounts as are necessary to pay the reasonable administration costs of BCVWD or the City incurred in the design and plan check process.

5. State Highway, County Road and City Street Construction, Operation and Maintenance Permits for the BCVWD Facilities. For those portions, if any, of the BCVWD Facilities which are to be constructed by CFD No. 93-1 within a County road, City street and/or state highway, at the expense of CFD No. 93-1, CFD No. 93-1 shall be responsible for obtaining a construction permit from the appropriate governmental agency covering the construction and installation of the BCVWD Facilities. At the time such construction permit is obtained by CFD No. 93-1, the appropriate governmental agency will have issued an Operate and Maintain Permit to BCVWD, which will become effective upon the completion of said BCVWD Facilities and acceptance of the ownership thereof by BCVWD.

6. Construction Responsibility. BCVWD hereby acknowledges that the City Manager of the City, or her designee, shall serve as the Contract Administrator (hereinafter the "Contract Administrator"). The Contract Administrator shall be responsible for soliciting bids and awarding contracts for the BCVWD Facilities in accordance with the terms and conditions described in this Agreement; provided, however, that such responsibility may be delegated to a consultant or consultants as deemed appropriate by the Contract Administrator. BCVWD, through its Field Inspector (hereinafter defined in Section 10), shall be responsible for inspection and approval of placement of the pipe and compaction of backfill during construction of the BCVWD Facilities. The Contract Administrator is to work with the City Department of Building and Safety, BCVWD and the Field Inspector to insure that all inspections are performed in a timely manner. The Contract Administrator may perform his/her responsibilities for coordination of construction contracts and notification of inspections through a "Resident Engineer."

7. Preliminary Coordination Meeting. The Contract Administrator, Design Engineer, Resident Engineer, and representatives from BCVWD shall meet for purposes hereinafter set forth, upon the written request of CFD No. 93-1 (hereinafter the "Preliminary Coordination Meeting"). At the Preliminary Coordination Meeting the schedule for construction of the BCVWD Facilities and inspection approvals will be mutually determined by the parties. It is the intent of the parties to mutually agree

to the sequence and timing of construction of the BCVWD Facilities in a manner calculated to not unduly delay progress in completion of the construction of the Facilities.

8. Solicitation of Bids. Prior to the offering of any BCVWD Facility for bid, the Contract Administrator shall, in consultation with representatives of BCVWD, determine whether the particular bid set will be offered by the City. The contract documents shall specify that construction must be performed in compliance with appropriate sections of the California Public Contract Code, Labor Code and Civil Code.

9. Bid Awards. On behalf of CFD No. 93-1, the Contract Administrator shall recommend to the City Council of the City that it award contracts for the BCVWD Facilities in compliance with the applicable sections of the California Public Contract Code, Labor Code and Civil Code. The BCVWD Facilities shall be constructed by a contractor or contractors licensed by the State of California (hereinafter the "Contractor"). Prior to the award of any bid for any BCVWD Facilities, CFD No. 93-1 shall determine that there are sufficient funds in the Construction Account (hereinafter the "Construction Account") established by the Fiscal Agent Agreement, or other funds of BCVWD, to cover the bid award for each Facility. No award of a contract for any BCVWD Facility shall be made unless funds, not otherwise committed, are available to cover the contract award, including a contingency amount equal to fifteen percent (15%) of the contract price and all costs of inspecting and administering said contract.

10. Construction of the Facilities.

(a) Preconstruction Meeting. Prior to the commencement of construction, the Contract Administrator shall schedule a meeting (hereinafter the "Preconstruction Meeting") among the Contractor(s), the Design Engineer, the Resident Engineer and the Field Inspector.

(b) Matters Submitted for Review and Approval. BCVWD will have final approval of all field design changes. All matters submitted to BCVWD during actual construction by the Contract Administrator, the Design Engineer, and/or the Resident Engineer for review and approval shall receive a timely response and no response shall exceed fifteen (15) working days from date of submission to BCVWD.

(c) Inspection. BCVWD will designate a field inspector (hereinafter the "Field Inspector") who will be responsible for inspecting construction of the BCVWD Facilities consistent with Section 15 of this Agreement and will be responsible for

reviewing and concurring in all Payment Request Forms with regard to the BCVWD Facilities.

(d) Payment. CFD No. 93-1 shall make payments for completed work, less retentions, in accordance with the payment schedule determined at the Preconstruction Meeting. The payment schedule shall be consistent with the Bid Documents that will have been reviewed and approved by BCVWD and the budget figures indicated in Exhibit "B" hereto. Upon concurrence and sign-off by the Field Inspector of any such Payment Request Form, CFD No. 93-1 shall cause the Fiscal Agent to make payments in the requisite amount to those entities or individuals designated on the Payment Request Form consistent with the provisions of this Agreement.

11. Change Orders. All change orders regarding the BCVWD Facilities are to be reviewed by CFD No. 93-1 and approved in writing by the Contract Administrator and the Design Engineer. Change orders necessitated by site conditions shall be financed and paid for by CFD No. 93-1 upon confirmation that funds are available for such purposes or the water facilities shall be downsized to offset the shortfall. Sources of available funds shall be (a) contingency line item for water facilities; (b) other contingency amounts for completed facilities; (c) other grant or loan funds identified by the City or (d) contribution from affected Property Owner or developer.

12. Shortfall. In the event the lowest acceptable bids would cause the total cost provided in the budget for the BCVWD Facilities to exceed the budgeted amount indicated in Exhibit "B" hereto, CFD No. 93-1 shall notify and confer with BCVWD to determine the source of payment of such excess amounts prior to the award to the acceptable bidder. Such source shall be either (i) additional funds of CFD NO. 93-1 or (ii) the Landowners or Developers benefiting from the BCVWD Facilities which caused such budget overrun.

13. Use of Funds. CFD No. 93-1 shall use the amount in the Construction Account, as indicated in Exhibit "B" hereto, for the payment of the design and construction costs of the BCVWD Facilities. CFD No. 93-1 shall strictly account for the expenditure of such proceeds according to generally accepted accounting practices. It is the intention of the parties that payments from the Construction Account shall be made only in connection with a Payment Request Form for costs and expenses paid or incurred, including, without limitation, any amounts owing under any construction contract entered into for the BCVWD Facilities. CFD No. 93-1 shall account for, deposit, invest and reinvest such funds in the manner required by the Fiscal Agent Agreement.

14. Improvement Security. Any BCVWD Facility or portion thereof for which the Series 1993A Bonds have been sold shall not be the subject of a subdivision improvement bond or other security pursuant to Government Code Section 66499.

15. Inspection. Construction of the BCVWD Facilities shall be subject at all times to inspection by the Field Inspector, or his designated representative. The Field Inspector, or his designated representative, shall inspect the furnishing, construction and installation of said BCVWD Facilities to assure compliance with BCVWD's approved construction plans and specifications. During the planning process, BCVWD shall secure all encroachment permits necessary for the construction of the BCVWD Facilities, the cost of which permits shall be borne by CFD No. 93-1. Inspection shall be the responsibility of the Field Inspector and shall be done in a timely manner consistent with the approved schedule established at the Preconstruction Meeting. The Field Inspector shall have the authority to enforce the BCVWD approved construction plans and specifications for said BCVWD Facilities, which authority shall include the authority to require that any and all unacceptable materials, workmanship and/or installation be replaced, repaired or corrected. In addition, the contractor(s) shall be required under the approved construction specifications to repair any and all installed facilities which have been damaged by any party prior to BCVWD's final acceptance of said BCVWD Facilities for ownership, operation and maintenance, which final acceptance shall follow final inspection and testing of said BCVWD Facilities after completion thereof. Contractor(s) will be required to: (i) make the corrections and/or repairs determined by the Field Inspector to be necessary and consistent with the approved construction specifications, and (ii) provide a one (1) year materials and workmanship guarantee, the precise nature of which will be agreed upon by CFD No. 93-1 and BCVWD, providing that such Contractor(s) will repair, at its (their) expense, all failures of facilities which it (they) furnished, installed and/or constructed due to faulty materials or installation, including settlement of backfill within said one-year period.

16. Field Engineering Surveys and Compaction Tests. If deemed necessary by the Contract Administrator, a qualified engineering firm (hereinafter the "Field Engineer") shall be employed by the CFD No. 93-1 as a consultant, under the direction of the Contract Administrator, to provide all field engineering surveys associated with the construction of the BCVWD Facilities which are determined to be necessary by the Contract Administrator, Design Engineer, the Contractor(s) and/or the Field Inspector. The Field Engineer shall promptly furnish to CFD No. 93-1 and BCVWD a complete set of grade sheets listing all locations, offsets, etc., in accordance with good engineering practices, and attendant data and reports resulting from Field Engineer's engineering surveys and/or proposed facility design changes and allow CFD No. 93-1 and BCVWD sufficient time to approve or make any required facility design changes resulting therefrom prior to construction.

The cost of all compaction tests and report costs associated with BCVWD Facilities furnished and constructed by contractor(s) shall be included among the costs which are to be paid from the Construction Account. The Field Engineer shall promptly furnish results of all such compaction testing to CFD No. 93-1 and BCVWD for its review, evaluation and decision as to compliance with applicable specifications.

17. Completion of BCVWD Facilities. Upon completion of construction of any of the BCVWD Facilities listed in Exhibit "B" hereto, as determined by the Field Inspector, CFD No. 93-1 shall notify BCVWD in writing of such completion and shall prepare and cause the City Council of the City to accept and file the Notice of Completion as to such Facilities, record said Notice with the Office of the Recorder of the County of Riverside, State of California, and cause the Contractor and all subcontractors to provide lien and material releases.

18. Conveyance of Title. Title to the land or rights-of-way on and over property within CFD No. 93-1 on which the BCVWD Facilities have been or will be constructed shall be free of all liens and encumbrances, except easements and other matters of record that will not interfere with construction, use and maintenance of the BCVWD Facilities. The Property Owners and CFD No. 93-1, as appropriate, shall cause transfer of title to such land or rights-of-way on such documents as BCVWD may prescribe. It is anticipated that a substantial portion of the BCVWD Facilities have been or will be constructed within public streets and rights-of-way dedicated to the City and other public entities. Any easements granted to facilitate construction prior to such dedications shall provide that the easement right conveyed will expire upon dedication and acceptance of such area as a public right-of-way. As to portions of the BCVWD Facilities that have been or will be constructed on land that would otherwise remain in private ownership, the provisions of Section 19 of this Agreement shall control. It is anticipated that, depending on decisions made by CFD No. 93-1 and BCVWD with regard to BCVWD Facilities at the Preconstruction Meeting, such conveyances of land and easements are to be made prior to commencement of construction and that upon completion of construction such land and rights-of-way associated with said BCVWD Facilities will be conveyed to BCVWD.

In addition, upon completion of the BCVWD Facilities, and written acceptance thereof by BCVWD, CFD No. 93-1 or the Property Owners, as appropriate, shall execute and deliver, without any cost or expense to BCVWD, a Bill of Sale, in form and content acceptable to BCVWD and CFD No. 93-1, conveying all right, title and interest in and to all of the BCVWD Facilities. The Bill of Sale shall include a warranty by CFD No. 93-1 or the Property Owners, that such right, title and interest is free and clear of any and all encumbrances except those encumbrances that will not interfere with use and maintenance of the BCVWD Facilities.

19. Easements Involving Private Property. For those portions, if any, of the BCVWD Facilities which are to be constructed within and across private property, CFD No. 93-1 shall, before any such construction begins, obtain easement documents, which are satisfactory to BCVWD as to location, width, content and form, which have been duly executed by the involved property owners and which assure BCVWD's unequivocal right to own, operate, maintain, replace, repair and provide service from and through the involved BCVWD Facilities.

20. Acceptance. BCVWD agrees to accept title to, and provide service through, the BCVWD Facilities, subject to certification by BCVWD that such Facilities have been completed in accordance with the plans and specifications approved by BCVWD and provided that title to the BCVWD Facilities is free of all liens and encumbrances not otherwise acceptable to BCVWD. In this regard, it is specifically understood and agreed that BCVWD shall not be obligated to accept title or to operate and provide service through the BCVWD Facilities until satisfactory final inspection and testing thereof by the BCVWD has been completed and all easement and deed documents have been received by BCVWD.

21. Use of BCVWD Facilities. Upon conveyance of title to the BCVWD Facilities and acceptance of ownership, said BCVWD Facilities shall become and remain the sole and separate property of BCVWD and shall be operated, maintained and utilized by BCVWD to serve the territory within CFD No. 93-1 and other lands pursuant to applicable BCVWD rules, regulations, policies and procedures as they may be amended from time to time by BCVWD's Board of Directors and subject to BCVWD facility capacity and water supply limitations which result from conditions that are beyond BCVWD's control, including, but not limited to, applicable regulations and/or limitations established by Federal, State, regional and local agencies.

22. Oversized Facilities and Connection Fee Credits. It is understood by all parties to this Agreement, that the issues of oversizing of facilities and connection fee credits have been addressed in other agreements between the parties and will be addressed in agreements between BCVWD and the Property Owners participating in CFD No. 93-1. If necessary, the issue of oversizing will be reviewed in subsequent joint financing agreements when additional bonds are issued and sold by CFD No. 93-1 to pay for the construction of additional facilities to be owned and maintained by BCVWD.

23. Cooperative Agreement. The City and BCVWD have entered into a Cooperative Agreement (the "Cooperative Agreement") which addresses, inter alia, the facilities needs of BCVWD created by the development of land within CFD No. 93-1 and the financing of such facilities. The Cooperative Agreement provides several

financing alternatives available to developers, including utilization of CFD No. 93-1 as a financing mechanism for said facilities. The Cooperative Agreement also allows for mitigation agreements between BCVWD and the developers within CFD No. 93-1 which may provide an additional funding source for the BCVWD Facilities.

It is understood by all parties to this Agreement, that the issues relating to the amount and collection of school fees are addressed in other agreements between the parties and will be reviewed in subsequent joint financing agreements when additional bonds are issued and sold by CFD No. 93-1 to pay for the construction of additional facilities to be owned and maintained by the BCVWD.

24. Maintenance. Prior to the transfer of ownership of the BCVWD Facilities to be constructed by CFD No. 93-1, CFD No. 93-1 shall be responsible for their maintenance. Upon acceptance of the BCVWD Facilities by BCVWD, BCVWD shall be solely responsible for the maintenance thereof and all rights, duties and obligations of CFD No. 93-1 for said maintenance under this Agreement shall terminate.

25. Administrative Costs. All administrative costs related to the design, engineering, construction and inspection of the BCVWD Facilities of CFD No. 93-1, the City and BCVWD which include but are not limited to the reasonable cost of preparing the Bid Documents, all fees and costs incurred in obtaining permits, licenses, offsite rights-of-way or easements, inspection fees and land acquisition costs are provided for in Exhibit "B". The parties recognize the amount of such costs may increase in the future. Subject to the limitations of the budget indicated in Exhibit "B" hereto, CFD No. 93-1 shall cause to be paid from the Construction Account the reasonable administrative costs actually incurred by each party to this Agreement, up to the budgeted amount indicated in Exhibit "B" hereto.

26. No CEQA Approval. CFD No. 93-1 and BCVWD agree that before the construction of any new facilities may be approved, proceedings under the California Environmental Quality Act ("CEQA") to determine the environmental impact of the BCVWD Facilities must be conducted, and, based on that impact or lack thereof, determine if the BCVWD Facilities should be constructed. In entering into this Agreement, the parties acknowledge and agree that they have not prejudged the potential outcome of the CEQA proceedings, but are reaching accord in the event the plan to construct the BCVWD Facilities and related facilities receive CEQA approval.

27. No Obligations Assumed. Nothing herein shall be construed as requiring CFD No. 93-1 to issue or sell the Series 1993A Bonds or any subsequent series of bonds pursuant to the Act or any other law or regulation requiring the construction of the BCVWD Facilities.

28. Indemnification. CFD No. 93-1 shall assume the defense of, indemnify and hold harmless, BCVWD and its officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, (i) the actions of CFD No. 93-1 pursuant to this Agreement and (ii) the construction of the BCVWD Facilities by CFD No. 93-1; provided, however, that nothing in this paragraph shall limit, in any manner, BCVWD's rights against any of CFD No. 93-1's contractors. No provision of this Agreement shall in any way limit the extent of the responsibility of CFD No. 93-1 for payment of damages resulting from its own operations, including but not limited to the operations of any of its contractors, agents or employees.

CFD No. 93-1 hereby assures BCVWD that any and all contractors employed by it shall furnish to BCVWD certificates of insurance substantiating that they have obtained for the entire period of construction of any of the BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming the BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

BCVWD shall assume the defense of, indemnify and hold harmless CFD No. 93-1 and their respective officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, the actions of BCVWD taken in the performance of this Agreement. No provision of this Agreement shall in any way limit the extent of the responsibility of BCVWD for the payment of damages resulting from its own operations or the operations of any of its contractors, agents or employees.

BCVWD hereby assures CFD No. 93-1 that any and all contractors employed by it shall furnish to CFD No. 93-1 certificates of insurance substantiating that they have obtained for the entire period of construction of any of the BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

29. Effective Date and Termination. This Agreement shall become effective and of full force and effect as of the date (the "Effective Date") on which CFD No. 93-1 sells and issues the Series 1993A Bonds. Should CFD No. 93-1 be unable to sell the Series 1993A Bonds, this Agreement shall terminate and be of no further force and effect.

30. Notice. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party or other person shall be deemed to have been received when personally delivered or upon deposit of the same in the United States Post Office, registered or certified, postage prepaid, addressed as follows:

CFD No. 93-1: City of Beaumont
 Community Facilities District No. 93-1
 550 E. Sixth Street
 P.O. Box 158
 Beaumont, California 92223
 Attn: City Manager
 TEL (909) 845-1171
 FAX (909) 845-8483

BCVWD: Beaumont Cherry Valley Water District
 560 N. Magnolia Avenue
 P.O. Box 2037
 Beaumont, California 92223
 Attn: General Manager
 TEL (909) 845-9581
 FAX (909) 845-0159

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other parties within twenty (20) days of such change.

31. Captions. Captions to sections of the Agreement are for convenience purposes only and are not part of this Agreement.

32. Severability. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Agreement and the remaining parts shall remain in full effect as though such invalid or unenforceable provision had not been a part of this Agreement.

33. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

34. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the matters provided herein.

35. Amendments. This Agreement may be amended or modified only in writing signed by each of the parties.

36. Exhibits. The following exhibits attached hereto are incorporated into this Agreement by reference.

<u>Exhibit</u>	<u>Description</u>
"A"	Boundary Map of CFD No. 93-1
"B"	Series 1993A Facilities Description and Purchase Price

37. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

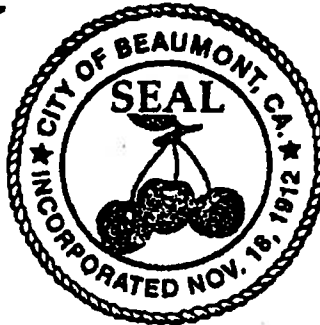
IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COMMUNITY FACILITIES DISTRICT
NO. 93-1 OF THE CITY OF BEAUMONT

By: Jan Leys
Mayor of the City Council, Ex
Officio the Legislative Body of
City of Beaumont Community
Facilities District No. 93-1

ATTEST:

By: Julia White (Agent)
Clerk of the City Council, Ex
Officio the Legislative Body of
City of Beaumont Community
Facilities District No. 93-1



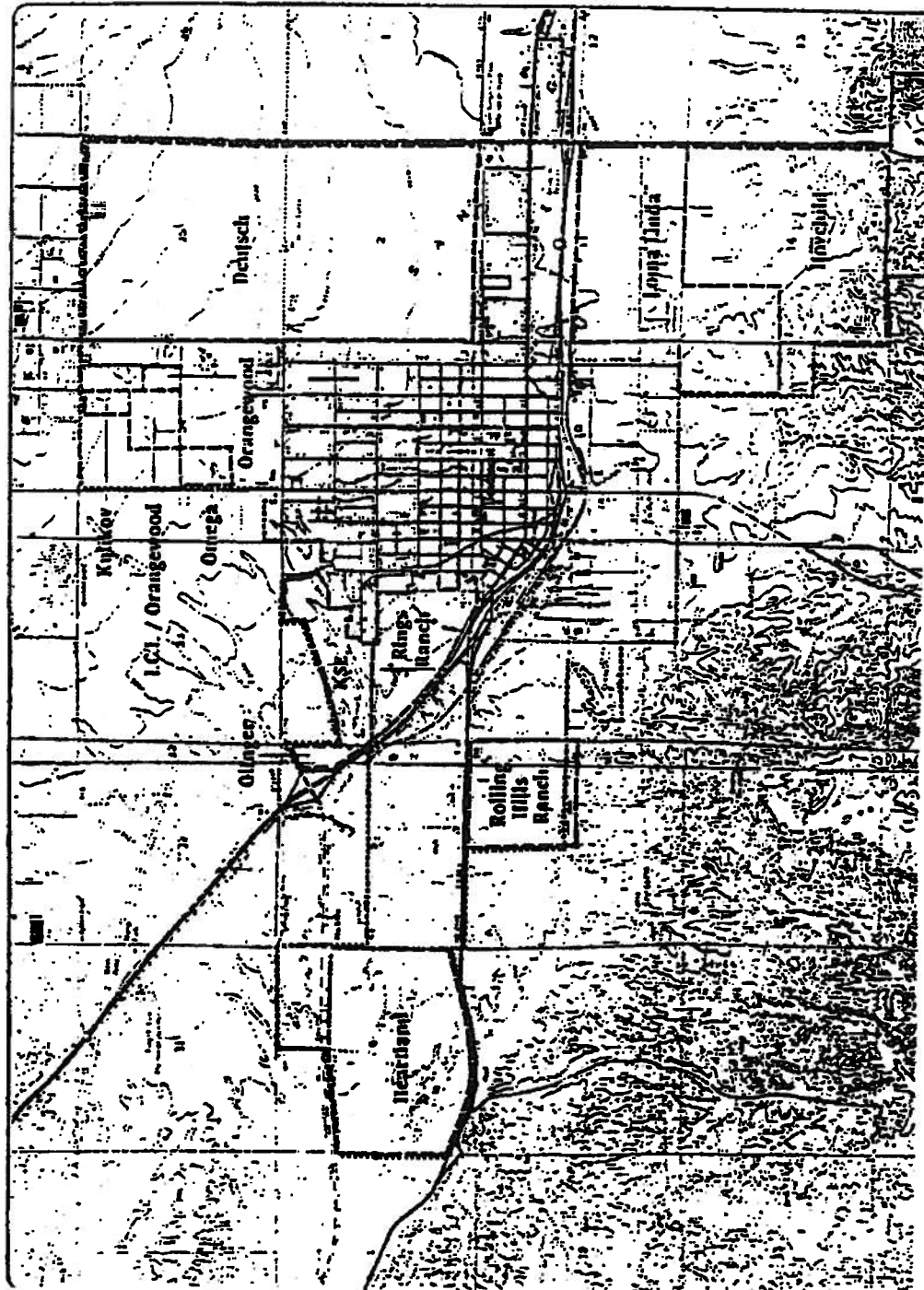
BEAUMONT CHERRY VALLEY WATER
DISTRICT

By: Claretha Russell
President

ATTEST:

By: C. J. Butcher
Secretary

EXHIBIT "A"



City of Beaumont Public Facilities Financing Plan



Participating Projects Series "A"

----- City Boundary

This map shows proposed CVD boundaries which are subject to modification including deletions and additions of property by means of annexation or other methods.



Exhibit No. 1

EXHIBIT "B"

COMMUNITY FACILITIES DISTRICT NO. 93-1

SERIES 1993A FACILITIES¹

A. County of Riverside

1. Intersection of Heartland Access and San Timoteo Canyon Road (Design/Permitting Only)
 - Estimated Cost: \$ 75,000
2. Grade Separation of Heartland Access and Railroad serving San Timoteo Canyon Road (Design/Permitting Only)
 - Estimated Cost: \$150,000
3. Transition to Grade Separation of Southwest Properties Access to State Highway 60 at Jack Rabbit Trail and/or 1 ± Mile east of Jack Rabbit Trail (Design/Permitting Only)
 - Estimated Cost: \$ 75,000

B. Riverside County Flood Control and Water Conservation District

1. Bridge Crossing of Heartland Access at San Timoteo Canyon Road (Design/Permitting Only)
 - Estimated Cost: \$150,000
2. Marshall Creek between Cougar Avenue and State Highway 79 (Beaumont Avenue)
 - Estimated Cost: \$1,500,000

¹ Includes all estimated costs required for facilities construction including engineering, planning, environmental, project management, plan check, inspection, contingency, surveying, geographical information system, issuance costs and certain administrative costs.

**IMPLEMENTATION MEMORANDUM OF UNDERSTANDING
RELATING TO COOPERATIVE AGREEMENT
BETWEEN THE CITY OF BEAUMONT AND THE
BEAUMONT CHERRY VALLEY WATER DISTRICT**

This Implementation Memorandum of Understanding (the "MOU") is made and entered into as of March, 1998 by and between the CITY OF BEAUMONT, a municipal corporation and public agency of the State of California (the "City") and the BEAUMONT CHERRY VALLEY WATER DISTRICT, a public agency organized and existing pursuant to Division 11 (commencing with Section 20500) of the California Water Code (the "District") and this MOU relates to the Cooperative Agreement made and entered into as of March 8, 1993, by and between the City and the District (the "Cooperative Agreement").

WHEREAS, the City and the District entered into the Cooperative Agreement to facilitate implementation of the City General Plan and Public Facilities Financing Program to insure logical and orderly development within the City and the service areas of the District and to cooperate in a long-term program to maintain safe groundwater management practices in the service area of the District;

WHEREAS, the City and the District recognize the need to develop new sources of water supply, including recycled or reclaimed water ("recycled water"), in such a way as to protect and preserve the existing water supply;

WHEREAS, pursuant to the Cooperative Agreement the City has adopted an ordinance which will require the use of recycled wastewater for irrigation purpose in accordance with State laws, has adopted an ordinance which requires the conservation of water in accordance with District policies, and is preparing to enter into an installment sale agreement with the Beaumont Financing Authority (the "Authority") in order to finance the construction of modifications to the wastewater treatment plant necessary to deliver recycled water;

WHEREAS, the District provides residents, businesses and industries in the City and the City Sphere of Influence with potable sources of water supply, storage and distribution for domestic and commercial use;

WHEREAS, conservation of potable water supplies is important for the future health, safety and welfare of the City of Beaumont and the City Sphere of Influence and for the preservation of groundwater resources and the use of recycled water is a cost-effective, reliable method of helping to meet the community's water supply needs;

WHEREAS, the State legislature has found and declared that the use of potable domestic water for nonpotable uses, including, but not limited to, cemeteries, golf courses, parks, highway landscaped areas, school athletic fields and industrial and irrigation uses, is a waste or an unreasonable use of the water within the meaning of Section 2 of Article X of the California

Constitution if recycled water is available which meets all of the conditions as determined by the State for use of recycled water;

WHEREAS, the State has provided that retail water suppliers and recycled water producers and wholesalers should promote the substitution of recycled water for potable water in order to maximize the appropriate cost-effective use of recycled water; and development of the infrastructure to distribute recycled water will provide jobs and enhance the economy and the environmental benefits of recycled water include a reduced demand for water and there is a need for a reliable source of water for uses not related to the supply of potable water;

WHEREAS, the State Department of Health Services has updated regulations for the use of recycled water;

WHEREAS, the District supports the City's program to modify the wastewater treatment plant at this time, including construction of a reservoir for recycled water, and to construct, operate and maintain a pumping and recycled water distribution system to deliver water to customers within the City, the City's sphere of influence and the District, which may utilize recycled water and thereby reduce demand on the regional groundwater basin;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained the parties agree as follows:

1. MOU to Cooperative Agreement. This MOU relates to the Cooperative Agreement and is entered into by the City and the District to provide for the construction, ownership, operation and maintenance by the City, at its sole cost and expense, of necessary modifications to the wastewater treatment plant, including construction of a reservoir for recycled water, a pumping station for pressurization of the system, and a recycled water distribution system for the City to deliver recycled water to customers and potential customers within the City, the City's sphere of influence and the District. A description of the recycled water facilities to be constructed by the City is attached hereto as Exhibit A. It is recognized that the system configuration, location and sizing shown in Exhibit A are conceptual and subject to change. The City will operate and maintain the recycled water system so as to provide recycled water at tertiary treatment levels meeting Regional Board and Department of Health Services criteria. The recycled water constitutes a viable alternate water supply and allows conservation of large quantities of higher quality potable water to be made available by the District for domestic use. Consistent with the provisions of the Cooperative Agreement, the District shall not establish a recycled water system competitive to the recycled water system constructed by the City.

The District shall have the right to review the plans for recycled water facilities prior to initiation of construction or installation by the City. The District's review of plans shall not be deemed acceptance or approval by District of the sufficiency of said plans or as any other obligation in regard to construction or operation of said facilities.

Nothing in this MOU shall be deemed as participation by the District in any activity by City regarding the recycled water facilities or as acceptance of said facilities to any degree whatsoever.

2. City Responsible for Recycled Water System. The City shall invoice those persons or entities who purchase recycled water. Potential users include, cemeteries, golf courses, parks, highway landscaped areas, school athletic fields and industrial and irrigation uses. Initially, recycled water purchasers may include the Oak Valley Golf Course, the California Department of Transportation, the City (with respect to City properties including the Sports Park), Beaumont Unified School District, and the Beaumont Cemetery District. Recycled water shall be provided by the City on a first come, first served basis, as long as recycled water is available to the extent described in Ordinance No. 775 of the City; however, agricultural use will be given priority over other non-domestic uses as described in Ordinance 775.

3. Notice. Any notice payment or instrument required or permitted by the MOU to be given or delivered to any party or other person shall be given in the manner set forth in Section 16 of the Cooperative Agreement.

4. Captions. Captions to section of this MOU are for convenience only and are not part of this MOU.

5. Severability. If any portion of this MOU is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this MOU and the remaining parts shall remain in full effect as though such invalid or unenforceable provision had not been a part of this MOU.

6. No Third Party Beneficiaries. The parties do not intend the benefits of this MOU to inure to any third party, nor shall any of this MOU be construed or make or render the City or the District liable to any materialman, supplier, contractor, subcontractor, or purchaser, or for debts or claims accruing to any such persons. Notwithstanding anything to the contrary contained herein or in any document executed in connection with this transaction, or any conduct or course of conduct by any party hereto, before and after signing, this MOU shall not be construed as creating any claim, right or cause of action against the City, the District or their respective officers, directors, agents, administrators, engineers, consultants, or employees in favor of any materialman, supplier, contractor, subcontractor or purchaser, or the like.

7. Successors and Assigns. This MOU shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

8. Entire Agreement. This MOU is supplemental to the Cooperative Agreement, and this MOU and the Cooperative Agreement contain the entire agreement between the parties with respect to the matters provided herein.

9. Amendments. This MOU may be amended or modified only in writing signed by the parties hereto.

10. Exhibits. The following exhibit attached hereto is incorporated into this MOU by reference.

<u>Exhibit</u>	<u>Description</u>
"A"	Description of Recycled Water System

11. Counterparts. This MOU may be executed in counterparts, each of which shall be deemed an original.

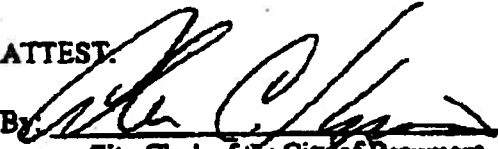
IN WITNESS WHEREOF, the parties have executed this MOU as of the day and year indicated below.

CITY OF BEAUMONT

Dated: March, 1998

By: 
Mayor of the City of Beaumont


ATTEST:

By: 
City Clerk of the City of Beaumont

(Agency)

BEAUMONT CHERRY VALLEY WATER DISTRICT

Dated: March 24, 1998

By: 
President of the Beaumont Cherry Valley Water District

ATTEST:

By: 
Secretary

EXHIBIT A

RECYCLED WATER SYSTEM

MODIFICATIONS TO THE WASTEWATER TREATMENT PLANT

RECYCLED WATER RESERVOIR

RECYCLED WATER DISTRIBUTION SYSTEM

MEMORANDUM OF UNDERSTANDING
RECYCLED WATER SYSTEM DELIVERY PROJECT
FOR OAK VALLEY CHAMPIONS

THIS MEMORANDUM OF UNDERSTANDING, dated as of November 19, 2002, is executed by the CITY OF BEAUMONT, a municipal corporation ("CITY"), the BEAUMONT-CHERRY VALLEY WATER DISTRICT, a public agency ("DISTRICT"), and OAK VALLEY PARTNERS LP, a California Limited Partnership ("OV PARTNERS"), to set forth the parties' understandings relating to the following matters:

RECITALS

A. OV PARTNERS is the owner and the developer of a mixed-use project commonly known as "Oak Valley Champions", situated in the western sphere of influence of the CITY (the "PROJECT"). OV PARTNERS desires to annex its property to the CITY and to the DISTRICT.

B. Development of the PROJECT is governed by Specific Plan No. 318 approved by the County of Riverside in 2001 and the CITY in 2002. CHERRY VALLEY ACRES AND NEIGHBORS ("CVAN") filed a lawsuit challenging the County's approval of the Specific Plan, which lawsuit was resolved through execution of a Settlement Agreement between OV PARTNERS and CVAN effective as of January 30, 2002. Among other things, the Settlement Agreement required OV PARTNERS to advance at least \$160,000.00 to the CITY to fund extension of a recycled water system to the PROJECT (the "ADVANCE").

C. OV PARTNERS is now prepared to make the ADVANCE required by the CVAN Settlement Agreement, with clarification that the ADVANCE is a pre-payment of recycled water system fees that would otherwise be payable to either the CITY or the DISTRICT following the annexations.

POINTS OF UNDERSTANDING

1. Within 30 days of the effective date of this Memorandum of Understanding, OV PARTNERS shall deposit with the CITY the sum of \$160,000.00 to be expended for facilities and equipment needed to facilitate the delivery of recycled water to the PROJECT.

2. The DISTRICT levies and collects from all private land developers, a recycled water system fee presently in the amount of \$667.00 per equivalent dwelling unit (the "FEE"). In

recognition of the ADVANCE, the DISTRICT shall credit OV PARTNERS, or its successors or assigns, with prepayment of such FEES up to a maximum of \$160,000.00. The DISTRICT reserves the right, in its sole discretion, to change the amount of the FEE.

3. The DISTRICT shall deliver to the CITY the sum of \$340,000.00 to be expended for facilities and equipment needed to facilitate the delivery of recycled water to the PROJECT within 30 days after the CITY provides written notice to the DISTRICT that it has begun construction on the Stage II Wastewater Treatment Plant Expansion.

4. The CITY shall begin purchasing equipment and construction of the Stage II Wastewater Treatment Plant Expansion within a reasonable period of time after receiving the deposit from OV PARTNERS pursuant to paragraph 1 above.

5. The DISTRICT and the CITY hereby agree to rescind that certain Memorandum of Understanding dated March, 1998, entitled Implementation MOU Relating to Loop Agreement between the City of Beaumont and the Beaumont Cherry Valley Water District, in its entirety.

6. This Memorandum of Understanding may be executed in counterparts. The individual(s) signing this Memorandum of Understanding on behalf of a party represents that he or she has full authority to execute this Memorandum of Understanding on behalf of such party.

7. This Memorandum of Understanding shall inure to the benefit of, and be binding upon, the successors in interest and assignees of the respective parties. All such successors and assignees shall be bound by the duties of the parties arising under this Memorandum of Understanding.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed effective as of the day and year first above written.

CITY OF BEAUMONT

By Brian DeForge
BRIAN DEFORGE, Mayor

DISTRICT

BEAUMONT-CHERRY VALLEY WATER

By Charles J. Butcher
CHARLES J. BUTCHER
General Manager

OAK VALLEY PARTNERS LP

By: OAK VALLEY-HUNT, INC.,
Its: MANAGING GENERAL PARTNER

By


D. CRAIG MARTIN, President

**AMENDED AND RESTATED
JOINT FINANCING AGREEMENT
BETWEEN CITY OF BEAUMONT COMMUNITY
FACILITIES DISTRICT NO. 93-1 AND
BEAUMONT-CHERRY VALLEY WATER DISTRICT**

THIS AMENDED AND RESTATED JOINT FINANCING AGREEMENT (the "Agreement") is made and entered into as of December 1, 1999 by and between the CITY OF BEAUMONT COMMUNITY FACILITIES DISTRICT NO. 93-1, a legally constituted governmental entity organized and existing pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter "CFD No. 93-1"), the CITY OF BEAUMONT, a municipal corporation and public agency of the State of California (hereinafter "City"), and BEAUMONT-CHERRY VALLEY WATER DISTRICT, a public agency organized and existing pursuant to Division 11 (commencing with Section 20500) of the California Water Code (hereinafter "BCVWD").

RECITALS

A. CFD No. 93-1 and BCVWD have previously entered into the Joint Financing Agreement (the "1993 Joint Financing Agreement") made and entered into as of June 29, 1993 to set forth the terms and conditions under which CFD No. 93-1 would finance the construction of certain potable and reclaimed water facilities to be owned and operated by BCVWD (the "BCVWD Facilities") and under which the BCVWD Facilities would be designed and constructed; and

B. The facilities financed by the first series of special tax bonds (hereinafter the "Series 1993A Facilities") are as depicted and enumerated in Exhibit "B-1," which is attached hereto and incorporated herein. The balance of the Facilities are proposed to be constructed in the future and financed with subsequent series of special tax bonds of CFD No. 93-1 or another financing district established therefor.

C. CFD No. 93-1 and BCVWD entered into the 1993 Joint Financing Agreement which set forth the process whereby lands would be annexed into CFD No. 93-1 to finance and construct the BCVWD facilities and desire to enter into this Agreement pursuant to Section 53316.2, 53316.4 and 53316.6 of the Mello-Roos Community Facilities Act of 1982, as amended, being Section 53311 et seq. of the California Government Code (hereinafter the "Act"), and City and BCVWD desire to enter into this Agreement pursuant to Section 10110 of the Streets and Highways Code.

E. City, BCVWD and the San Geronio Pass Water Agency have previously entered into the San Geronio Pass Water Agency Water Facilities Master Plan Cooperative Agreement dated as of March 15, 1993 whereby the City, BCVWD and the Agency recognize the need to cooperate in a long-term program to maintain safe groundwater management practices, to establish funding mechanisms to provide for the acquisition and development of new sources of water supply, including reclaimed water and imported water, in such a way as to protect and preserve the existing water supply; and

D. City and BCVWD have previously entered into the Cooperative Agreement made and entered into as of March 8, 1993 by and between the City and BCVWD to cooperate to implement mutually beneficial plans and programs to insure logical and orderly economic development in the City and the City sphere of influence and safe groundwater management practices in the service area of the BCVWD and to negotiate and prepare a Reclaimed Water

Purchase Agreement; and

F. City and BCVWD have previously entered into the Implementation Memorandum of Understanding Relating to Cooperative Agreement Between the City of Beaumont and the Beaumont Cherry Valley Water District (the "Reclaimed Water Implementation Memorandum of Understanding") made and entered into as of March 1998 to provide for the construction, ownership, operation and maintenance by the City of necessary modifications to the wastewater treatment plant and a recycled water distribution system for the City to deliver recycled water to customers and potential customers within the City, the City's sphere of influence and BCVWD; and

G. BCVWD has entered into the Water Main Extension and Facilities Construction Agreement dated as of September 1, 1989 by and between BCVWD and Westbrook Oak Valley LLC ("Westbrook," as successor in interest to Landmark Land Company of California, Inc.) regarding acquisition and construction of water main system and facilities as shown on the BCVWD approved plans entitled: Water Improvement Plans, consisting of 12 sheets as approved by BCVWD; and

H. BCVWD has entered into a Memorandum of Agreement executed as of January 4, 1989 between BCVWD and Oak Valley (as successor to Landmark Land Company of California, Inc.) by which property was annexed to BCVWD and Oak Valley constructed a well to furnish water to the golf course and is to construct on-site water lines to serve the commercial subdivision and reasonable off-site water lines and improvements to connect water systems with on-site water pipelines; and

I. BCVWD has entered into an Agreement for Annexation of Property to Beaumont-Cherry Valley Water District and Fixing Terms and Conditions thereof as of June 22, 1989 by and between BCVWD and Oak Valley (a successor to Landmark Land Company of California, Inc.) whereby property was annexed to the BCVWD and the owner was to construct and/or install the on-site and off-site water system facilities and appurtenances including a 16" water main along Fourteenth Street, rehabilitation of Well No. 55, provision of a trailer-mounted portable generator, pay the acquisition price of a reservoir site north of the property, construct an additional reach of the 16" water main and construct a 2.5 million gallon reservoir and appurtenances; and

J. Westbrook has petitioned the City to include the Westbrook property within a proposed Improvement Area No. 14 of CFD No. 93-1 as set forth in the 1993 Joint Financing Agreement and the property is also included within a proposed Assessment District No. 98-1 which the City has received petitions which will provide a financing mechanism to construct the reservoir, generator and extension of the 16" water main; and

K. The reservoir, generator and water mains may be financed in part with proceed of bonds issued by CFD No. 93-1 and in part with proceeds of bonds issued by the City with respect to Assessment District No. 98-1; and

L. CFD No. 93-1, BCVWD and the City desire to amend and restate the 1993 Joint Financing Agreement (i) to provide for the issuance of bonds by CFD No. 93-1 and by the City with respect to Assessment District No. 98-1 or another financing district and (ii) to provide for the annexation of property to CFD No. 93-1, Assessment District No. 98-1 or the creation by the City of another financing district in the future, and (iii) to amend the BCVWD Facilities set forth

in the 1993 Joint Financing Agreement to include the reservoir, water mains and other water facilities in order to provide for their acquisition and construction and to provide for BCVWD acceptance of such facilities upon completion in accordance with the terms of the 1993 Joint Financing Agreement.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties agree as follows:

A G R E E M E N T

1. Sale of Bonds and Use of the Proceeds. CFD No. 93-1 has issued the Series 1993A Bonds and will proceed with the issuance and sale of any subsequent series of bonds at such time and in such amount as CFD No. 93-1, in its sole discretion, may determine is appropriate. The proceeds of the Series 1993A Bonds have been or will be used, in part, to construct, on behalf of BCVWD, the BCVWD Facilities for the estimated dollar amounts shown in Section C of Exhibit "B-1" hereto. The City will proceed with the issuance and sale of its series of bonds with respect to Assessment District No. 98-1 or another financing district, at such time and in such amount as the City, in its sole discretion, may determine is appropriate. Additional BCVWD Facilities are proposed to be financed by subsequent series of bonds to be sold by CFD No. 93-1 or by the City with respect to Assessment District No. 98-1 or another financing district. Prior to the authorization of a subsequent series of bonds for additional BCVWD Facilities not set forth in Exhibit "B-1" or Exhibit "B-2" hereof, a separate exhibit and amendment to the Agreement will be entered into by the parties hereto, with respect to such additional BCVWD Facilities. CFD No. 93-1 and the City shall make disbursements out of the proceeds of their respective series of bonds to pay such costs and certain other incidental costs as hereinafter described. Such proceeds, however, may be expended by CFD No. 93-1 or the City, respectively, for any lawful purpose, including the financing of Facilities (other than the Series 1993A Facilities or the BCVWD Facilities set forth in Exhibit "B-2") required to serve land within CFD No. 93-1, Assessment District No. 98-1 or another financing district and in accordance with the BCVWD Master Facility Plan. However, no such diversion shall occur with respect to the BCVWD Facilities set forth in Exhibit "B-1" or indicated in Exhibit "B-2" as being financed with CFD No. 93-1 Series 2000A Bonds or Assessment District No. 98-1 Series 2000A Bonds without the consent of BCVWD. CFD No. 93-1 and the City shall each strictly account for the disbursements of the proceeds of their respective bonds. The proceeds of any special tax levied by CFD No. 93-1 shall be utilized exclusively by CFD No. 93-1 for debt service, administration and services as provided in the proceedings establishing CFD No. 93-1 in accordance with Section 53316.6 of the Act. The proceeds of any assessments levied by the City with respect to Assessment District No. 98-1 or another financing district shall be utilized exclusively by the City for debt service and administration as provided in the applicable proceedings.

2. Design and Construction of the BCVWD Facilities. Improvement plans for the BCVWD Facilities are to be prepared by registered and licensed civil engineers retained by BCVWD, CFD No. 93-1 or the City, consistent with the procedures and policies of the City and standards of BCVWD and as set forth in this Agreement. The costs of the design and construction of said facilities, including the administrative and legal costs, shall be paid by CFD No. 93-1 and/or the City pursuant to a payment request from the proceeds of the sale of the applicable series of bonds up to the budgeted amount listed in Exhibit "B-1" or Exhibit "B-2" in accordance with this Agreement. All contracts for the BCVWD Facilities shall be awarded and administered by the City in accordance with Section 8 hereto, as public works projects

consistent with the applicable sections of the California Public Contract Code, Labor Code, Civil Code and Government Code. The contractor or contractors who will construct the BCVWD Facilities, or any portion thereof, shall be required to provide performance and payment bonds, each in a principal amount equal to 125% of the contract price plus 20% contingency and naming BCVWD, CFD No. 93-1 and the City as obligees. Said contractor or contractors shall also be required to name CFD No. 93-1, the City and BCVWD, and the employees, officers, directors, agents and consultants of each as additional insureds under a policy of general liability insurance in the amount of Two Million Dollars (\$2,000,000) per occurrence. The bid and contract documents shall include the bond and insurance requirements as set forth herein or as determined by mutual agreement of CFD No. 93-1, the City and BCVWD at the time of advertising for bids and said requirements shall not be less than those stated above. The parties acknowledge that design and engineering costs of the BCVWD Facilities may be paid by the City or BCVWD from deposits made by property owners or developers within CFD No. 93-1, Assessment District No. 98-1 or another financing district, in contemplation of reimbursement according to Section 4 below from the proceeds of bonds issued by CFD No. 93-1 or the City with respect to Assessment District No. 98-1 or another financing district.

3. Design and Construction Budget of the BCVWD Facilities. Section C of Exhibit "B-1" and Exhibit "B-2" set forth the budgets for the design, engineering and construction of the BCVWD Facilities. In addition to the cost of engineering and design, specification and bid preparation, and the construction of the BCVWD Facilities, such costs may include, without limitation, the estimated costs of permits, licenses, easements, land, engineering, inspection and legal fees, construction contingency and a share of the general and administrative costs of BCVWD, CFD No. 93-1 and the City reasonably devoted to the design, approval and inspection of the BCVWD Facilities.

4. Engineering and Design of the BCVWD Facilities. ~~BCVWD, with the agreement of CFD No. 93-1 and the~~ The City, shall retain such qualified consultants, including properly qualified registered civil engineers (hereinafter these engineers may individually or collectively be referred to as the "Design Engineer") to design and prepare detailed bid documents, construction plans and specifications (hereinafter the "Bid Documents") for the BCVWD Facilities, including required system layout drawings, geotechnical reports and construction plan-profile drawings, in accordance with BCVWD's standard design criteria. The Bid Documents shall be submitted along with required plan check deposits and will be reviewed and approved (or rejected) within a reasonable period following their submission. Upon final approval of said plans by BCVWD, CFD No. 93-1 and the City, CFD No. 93-1 and/or the City, as applicable, shall prepare and submit a Payment Request Form as provided by the Fiscal Agent Agreement entered into by the City and the Fiscal Agent designated for CFD No. 93-1 or as provided by the Fiscal Agent Agreement entered into by the City and the Fiscal Agent designated for Assessment District No. 98-1 or for another financing district (each hereinafter a "Fiscal Agent Agreement" or together the "Fiscal Agent Agreements") for payment of all reasonable costs incurred by BCVWD, CFD No. 93-1 or the City, including reimbursements to property owners, for engineering, design and plan preparation for said facilities as approved by the City. CFD No. 93-1 and the City shall reimburse to BCVWD or the City from the proceeds of the sale of the applicable series of bonds such amounts as are necessary to pay the reasonable administration costs of BCVWD or the City incurred in the design and plan check process.

5. State Highway, County Road and City Street Construction, Operation and Maintenance Permits for the BCVWD Facilities. For those portions, if any, of the BCVWD

Facilities which are to be constructed by CFD No. 93-1 or the City within a County road, City street and/or state highway, at the expense of CFD No. 93-1 or the City with respect to Assessment District No. 98-1 or another financing district, CFD No. 93-1 or the City, as applicable, shall be responsible for obtaining a construction permit from the appropriate governmental agency covering the construction and installation of the BCVWD Facilities. At the time such construction permit is obtained by CFD No. 93-1 or the City, the appropriate governmental agency will have issued an Operate and Maintain Permit to BCVWD, which will become effective upon the completion of said BCVWD Facilities and acceptance of the ownership thereof by BCVWD.

6. Construction Responsibility. BCVWD hereby acknowledges that the City Manager of the City, or his designee, shall serve as the Contract Administrator (hereinafter the "Contract Administrator"). The Contract Administrator shall be responsible for soliciting bids and awarding and administering contracts for the BCVWD Facilities in accordance with the terms and conditions described in this Agreement; provided, however, that such responsibility may be delegated to a consultant or consultants as deemed appropriate by the Contract Administrator. BCVWD, through its Field Inspector (hereinafter defined in Section 10), shall be responsible for inspection and approval of placement of the pipe and compaction of backfill during construction of the BCVWD Facilities. The Contract Administrator is to work with the City Department of Building and Safety, BCVWD and the Field Inspector to insure that all inspections are performed in a timely manner. The Contract Administrator may perform his/her responsibilities for coordination of construction contracts and notification of inspections through a "Resident Engineer."

7. Preliminary Coordination Meeting. The Contract Administrator, Design Engineer, Resident Engineer, and representatives from BCVWD shall meet for purposes hereinafter set forth, upon the written request of CFD No. 93-1 or the City (hereinafter the "Preliminary Coordination Meeting"). At the Preliminary Coordination Meeting the schedule for construction of the BCVWD Facilities and inspection approvals will be mutually determined by the parties. It is the intent of the parties to mutually agree to the sequence and timing of construction of the BCVWD Facilities in a manner calculated to not unduly delay progress in completion of the construction of the Facilities.

8. Solicitation of Bids. Prior to the offering of any BCVWD Facility for bid, the Contract Administrator shall, in consultation with representatives of BCVWD, determine whether the particular bid set will be offered by the City. The contract documents shall specify that construction must be performed in compliance with appropriate sections of the California Public Contract Code, Labor Code and Civil Code.

9. Bid Awards. On behalf of CFD No. 93-1 and the City, the Contract Administrator shall recommend to the City Council of the City that it award contracts for the BCVWD Facilities in compliance with the applicable sections of the California Public Contract Code, Labor Code and Civil Code. The BCVWD Facilities shall be constructed by a contractor or contractors licensed by the State of California (hereinafter the "Contractor"). Prior to the award of any bid for any BCVWD Facilities, CFD No. 93-1 and the City shall determine that there are sufficient funds in the Construction Accounts (hereinafter the "Construction Accounts") established by the Fiscal Agent Agreements, or other funds of BCVWD, to cover the bid award for each Facility. No award of a contract for any BCVWD Facility shall be made unless funds, not otherwise committed, are available to cover the contract award, including a contingency amount equal to fifteen percent (15%) of the contract price and all costs of inspecting and administering said

contract.

10. Construction of the Facilities.

(a) Preconstruction Meeting. Prior to the commencement of construction, the Contract Administrator shall schedule a meeting (hereinafter the "Preconstruction Meeting") among the Contractor(s), the Design Engineer, the Resident Engineer and the Field Inspector.

(b) Matters Submitted for Review and Approval. BCVWD will have final approval of all field design changes. All matters submitted to BCVWD during actual construction by the Contract Administrator, the Design Engineer, and/or the Resident Engineer for review and approval shall receive a timely response and no response shall exceed ~~fifteen~~ ten (10) working days from date of submission to BCVWD.

(c) Inspection. BCVWD will designate a field inspector (hereinafter the "Field Inspector") who will be responsible for inspecting construction of the BCVWD Facilities consistent with Section 15 of this Agreement and will be responsible for reviewing and concurring in all Payment Request Forms with regard to the BCVWD Facilities.

(d) Payment. CFD No. 93-1 and the City, as applicable, shall make payments for completed work, less retentions, in accordance with the payment schedule determined at the Preconstruction Meeting. The payment schedule shall be consistent with the Bid Documents that will have been reviewed and approved by BCVWD and the budget figures indicated in Exhibit "B-1" and Exhibit "B-2" hereto. Upon concurrence and sign-off by the Field Inspector of any such Payment Request Form, CFD No. 93-1 and the City shall cause the Fiscal Agents to make payments in the requisite amounts to those entities or individuals designated on the Payment Request Form consistent with the provisions of this Agreement.

11. Change Orders. All change orders regarding the BCVWD Facilities are to be reviewed by CFD No. 93-1 and the City and approved in writing by the Contract Administrator and the Design Engineer. Change orders necessitated by site conditions shall be financed and paid for by CFD No. 93-1 and the City upon confirmation that funds are available for such purposes or the water facilities shall be downsized to offset the shortfall. Sources of available funds shall be (a) contingency line item for water facilities; (b) other contingency amounts for completed facilities; (c) other grant or loan funds identified by the City or (d) contribution from affected property owner or developer.

12. Shortfall. In the event the lowest acceptable bids would cause the total cost provided in the budget for the BCVWD Facilities to exceed the budgeted amount indicated in Exhibit "B-1" or Exhibit "B-2" hereto, CFD No. 93-1 and the City shall notify and confer with BCVWD to determine the source of payment of such excess amounts prior to the award to the acceptable bidder. Such source shall be either (i) additional funds of CFD No. 93-1, (ii) additional funds of the City with respect to Assessment District No. 98-1 or another financing district or (iii) the landowners or developers benefitting from the BCVWD Facilities which caused such budget overrun.

13. Use of Funds. CFD No. 93-1 and the City shall use the amounts in the Construction Accounts, as indicated in Exhibit "B-1" and Exhibit "B-2" hereto, for the payment of the design and construction costs of the BCVWD Facilities. CFD No. 93-1 and the City shall

strictly account for the expenditure of such proceeds according to generally accepted accounting practices. It is the intention of the parties that payments from the Construction Accounts shall be made only in connection with a Payment Request Form for costs and expenses paid or incurred, including, without limitation, any amounts owing under any construction contract entered into for the BCVWD Facilities. CFD No. 93-1 and the City shall account for, deposit, invest and reinvest such funds in the manner required by the Fiscal Agent Agreements.

14. Improvement Security. Any BCVWD Facility or portion thereof for which the a series of bond have been sold shall not be the subject of a subdivision improvement bond or other security pursuant to Government Code Section 66499.

15. Inspection. Construction of the BCVWD Facilities shall be subject at all times to inspection by the Field Inspector, or his designated representative. The Field Inspector, or his designated representative, shall inspect the furnishing, construction and installation of said BCVWD Facilities to assure compliance with BCVWD's approved construction plans and specifications. During the planning process, BCVWD shall secure all encroachment permits necessary for the construction of the BCVWD Facilities, the cost of which permits shall be borne by CFD No. 93-1 and the City with respect to Assessment District No. 98-1 or another financing district. Inspection shall be the responsibility of the Field Inspector and shall be done in a timely manner consistent with the approved schedule established at the Preconstruction Meeting. The Field Inspector shall have the authority to enforce the BCVWD approved construction plans and specifications for said BCVWD Facilities, which authority shall include the authority to require that any and all unacceptable materials, workmanship and/or installation be replaced, repaired or corrected. In addition, the contractor(s) shall be required under the approved construction specifications to repair any and all installed facilities which have been damaged by any party prior to BCVWD's final acceptance of said BCVWD Facilities for ownership, operation and maintenance, which final acceptance shall follow final inspection and testing of said BCVWD Facilities after completion thereof. Contractor(s) will be required to: (i) make the corrections and/or repairs determined by the Field Inspector to be necessary and consistent with the approved construction specifications, and (ii) provide a one (1) year materials and workmanship guarantee, the precise nature of which will be agreed upon by CFD No. 93-1, the City and BCVWD, providing that such Contractor(s) will repair, at its (their) expense, all failures of facilities which it (they) furnished, installed and/or constructed due to faulty materials or installation, including settlement of backfill within said one-year period.

16. Field Engineering Surveys and Compaction Tests. If deemed necessary by the Contract Administrator, a qualified engineering firm (hereinafter the "Field Engineer") shall be employed by the CFD No. 93-1 or the City as a consultant, under the direction of the Contract Administrator, to provide all field engineering surveys associated with the construction of the BCVWD Facilities which are determined to be necessary by the Contract Administrator, Design Engineer, the Contractor(s) and/or the Field Inspector. The Field Engineer shall promptly furnish to CFD No. 93-1, the City and BCVWD a complete set of grade sheets listing all locations, offsets, etc., in accordance with good engineering practices, and attendant data and reports resulting from Field Engineer's engineering surveys and/or proposed facility design changes and allow CFD No. 93-1, the City and BCVWD sufficient time to approve or make any required facility design changes resulting therefrom prior to construction.

The cost of all compaction tests and report costs associated with BCVWD Facilities furnished and constructed by contractor(s) shall be included among the costs which are to be paid from the Construction Account. The Field Engineer shall promptly furnish results of all

such compaction testing to CFD No. 93-1, the City and BCVWD for its review, evaluation and decision as to compliance with applicable specifications.

17. Completion of BCVWD Facilities. Upon completion of construction of any of the BCVWD Facilities listed in Exhibit "B-1" or Exhibit "B-2" hereto, as determined by the Field Inspector, CFD No. 93-1 or the City, as applicable, shall notify BCVWD in writing of such completion and shall prepare and cause the City Council of the City to accept and file the Notice of Completion as to such Facilities, record said Notice with the Office of the Recorder of the County of Riverside, State of California, and cause the Contractor and all subcontractors to provide lien and material releases.

18. Conveyance of Title. Title to the land or rights-of-way on and over property within CFD No. 93-1, Assessment District No. 98-1 or another financing district on which the BCVWD Facilities have been or will be constructed shall be free of all liens and encumbrances, except easements and other matters of record that will not interfere with construction, use and maintenance of the BCVWD Facilities. The property owners, CFD No. 93-1 and the City, as appropriate, shall cause transfer of title to such land or rights-of-way on such documents as BCVWD may prescribe. It is anticipated that a substantial portion of the BCVWD Facilities have been or will be constructed within public streets and rights-of-way dedicated to the City and other public entities. Any easements granted to facilitate construction prior to such dedications shall provide that the easement right conveyed will expire upon dedication and acceptance of such area as a public right-of-way. As to portions of the BCVWD Facilities that have been or will be constructed on land that would otherwise remain in private ownership, the provisions of Section 19 of this Agreement shall control. It is anticipated that, depending on decisions made by CFD No. 93-1, the City and BCVWD with regard to BCVWD Facilities at the Preconstruction Meeting, such conveyances of land and easements are to be made prior to commencement of construction and that upon completion of construction such land and rights-of-way associated with said BCVWD Facilities will be conveyed to BCVWD.

In addition, upon completion of the BCVWD Facilities, and written acceptance thereof by BCVWD, CFD No. 93-1, the City or the property owners, as appropriate, shall execute and deliver, without any cost or expense to BCVWD, a Bill of Sale, in form and content acceptable to BCVWD, the City and CFD No. 93-1, conveying all right, title and interest in and to all of the BCVWD Facilities. The Bill of Sale shall include a warranty by CFD No. 93-1, the City or the property owners, that such right, title and interest is free and clear of any and all encumbrances except those encumbrances that will not interfere with use and maintenance of the BCVWD Facilities.

19. Easements Involving Private Property. For those portions, if any, of the BCVWD Facilities which are to be constructed within and across private property, CFD No. 93-1 and the City shall, before any such construction begins, obtain easement documents, which are satisfactory to BCVWD as to location, width, content and form, which have been duly executed by the involved property owners and which assure BCVWD's unequivocal right to own, operate, maintain, replace, repair and provide service from and through the involved BCVWD Facilities.

20. Acceptance. BCVWD agrees to accept title to, and provide service through, the BCVWD Facilities, subject to certification by BCVWD that such Facilities have been completed in accordance with the plans and specifications approved by BCVWD and provided that title to the BCVWD Facilities is free of all liens and encumbrances not otherwise acceptable to BCVWD. In this regard, it is specifically understood and agreed that BCVWD shall not be

obligated to accept title or to operate and provide service through the BCVWD Facilities until satisfactory final inspection and testing thereof by the BCVWD has been completed and all easement and deed documents have been received by BCVWD.

21. Use of BCVWD Facilities. Upon conveyance of title to the BCVWD Facilities and acceptance of ownership, said BCVWD Facilities shall become and remain the sole and separate property of BCVWD and shall be operated, maintained and utilized by BCVWD to serve the territory within CFD No. 93-1, Assessment District No. 98-1 and other lands pursuant to applicable BCVWD rules, regulations, policies and procedures as they may be amended from time to time by BCVWD's Board of Directors and subject to BCVWD facility capacity and water supply limitations which result from conditions that are beyond BCVWD's control, including, but not limited to, applicable regulations and/or limitations established by Federal, State, regional and local agencies.

22. Oversized Facilities and Connection Fee Credits. It is understood by all parties to this Agreement, that the issues of oversizing of facilities and connection fee credits have been addressed in other agreements between the parties and will be addressed in agreements between BCVWD and the property owners participating in CFD No. 93-1, Assessment District No. 98-1 or other financing districts. If necessary, the issue of oversizing will be reviewed in subsequent joint financing agreements when additional bonds are issued and sold by CFD No. 93-1 or by the City with respect to Assessment District No. 98-1 to pay for the construction of additional facilities to be owned and maintained by BCVWD.

BCVWD fees consist of several components, a portion of which represent capital facilities charges. BCVWD fees are normally required to be paid to BCVWD by a developer upon application for service for the property proposed for development. By the funding and construction of facilities through CFD No. 93-1, Assessment District No. 98-1 or another financing district, a developer or its successors and assigns, will be deemed to have fulfilled and mitigated its obligation with respect to the component(s) of such BCVWD fees (and conditions covered by the component of such fees relating to the development of such property) due with respect to the type of facility or facilities financed as hereafter described. In the event the costs of such facility or facilities are less than the component(s) of the BCVWD fees relating thereto due with respect to the property, the property owner shall be entitled to a partial fee credit for each parcel for such component(s) and the property owner shall be obligated to pay the remaining portion of the BCVWD fees for each parcel. In the event costs of such facility or facilities are greater than the component(s) of the BCVWD fees relating thereto due with respect to the property, the property owner shall not be entitled to any additional credits or any credits for other components of the BCVWD fees. However, when costs are greater than the component(s) of the BCVWD fees relating thereto, any other property which will use such facilities which has not paid for such facilities (e.g., by participating in CFD No. 93-1, Assessment District No. 98-1 or another financing district and that financing district providing funds for such costs) shall pay to BCVWD the then current development impact fees which BCVWD will then apportion among BCVWD and CFD No. 93-1, Assessment District No. 98-1 or another financing district based on water facilities acquired or constructed by BCVWD, CFD No. 93-1, Assessment District No. 98-1 or another financing district for such other properties and the benefit conferred by the facilities to such properties. Development impact fees apportioned to CFD No. 93-1, Assessment District No. 98-1 or another financing district shall be used in accordance with applicable financing documents of CFD No. 93-1, Assessment District No. 98-1 or such other financing district.

23. Cooperative Agreement. The City and BCVWD have entered into a Cooperative Agreement (the "Cooperative Agreement") which addresses, inter alia, the facilities needs of BCVWD created by the development of land within CFD No. 93-1 and the financing of such facilities. The Cooperative Agreement provides several financing alternatives available to developers, including utilization of CFD No. 93-1 as a financing mechanism for said facilities. The Cooperative Agreement also allows for mitigation agreements between BCVWD and the developers within ~~CFD No. 93-1~~ any financing district which may provide an additional funding source for the BCVWD Facilities.

It is understood by all parties to this Agreement, that the issues relating to the amount and collection of school fees are addressed in other agreements between the parties and will be reviewed in subsequent joint financing agreements when additional bonds are issued and sold by CFD No. 93-1 or the City to pay for the construction of additional facilities to be owned and maintained by the BCVWD.

24. Maintenance. Prior to the transfer of ownership of the BCVWD Facilities to be constructed by CFD No. 93-1 or the City with respect to Assessment District No. 98-1 or another financing district, CFD No. 93-1 and the City shall be responsible for their maintenance. Upon acceptance of the BCVWD Facilities by BCVWD, BCVWD shall be solely responsible for the maintenance thereof and all rights, duties and obligations of CFD No. 93-1 and the City for said maintenance under this Agreement shall terminate.

25. Administrative Costs. All administrative costs related to the design, engineering, construction and inspection of the BCVWD Facilities of CFD No. 93-1, the City and BCVWD which include but are not limited to the reasonable cost of preparing the Bid Documents, all fees and costs incurred in obtaining permits, licenses, offsite rights-of-way or easements, inspection fees and land acquisition costs are provided for in Exhibit "B-1" and Exhibit "B-2". The parties recognize the amount of such costs may increase in the future. Subject to the limitations of the budget indicated in Exhibit "B-1" or Exhibit "B-2" hereto, CFD No. 93-1 or the City, as applicable, shall cause to be paid from the applicable Construction Account the reasonable administrative costs actually incurred by each party to this Agreement, up to the budgeted amount indicated in Exhibit "B-1" or Exhibit "B-2" hereto.

26. No CEQA Approval. CFD No. 93-1, the City and BCVWD agree that before the construction of any new facilities may be approved, proceedings under the California Environmental Quality Act ("CEQA") to determine the environmental impact of the BCVWD Facilities must be conducted by the City, and, based on that impact or lack thereof, determine if the BCVWD Facilities should be constructed. In entering into this Agreement, the parties acknowledge and agree that they have not prejudged the potential outcome of the CEQA proceedings, but are reaching accord in the event the plan to construct the BCVWD Facilities and related facilities receive CEQA approval.

27. No Obligations Assumed. Nothing herein shall be construed as requiring CFD No. 93-1 or the City to issue or sell a series of bonds or any subsequent series of bonds pursuant to the State law or any other law or regulation requiring the construction of the BCVWD Facilities.

28. Indemnification. CFD No. 93-1 shall assume the defense of, indemnify and hold harmless, BCVWD and the City and their officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, (i) the

actions of CFD No. 93-1 pursuant to this Agreement and (ii) the construction of the BCVWD Facilities by CFD No. 93-1; provided, however, that nothing in this paragraph shall limit, in any manner, BCVWD's or the City's rights against any of CFD No. 93-1's contractors. No provision of this Agreement shall in any way limit the extent of the responsibility of CFD No. 93-1 for payment of damages resulting from its own operations, including but not limited to the operations of any of its contractors, agents or employees.

CFD No. 93-1 hereby assures BCVWD and the City that any and all contractors employed by it shall furnish to BCVWD and the City certificates of insurance substantiating that they have obtained for the entire period of construction of any of the BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming the BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

The City with respect to Assessment District No. 98-1 or another financing district, solely from funds available from or through Assessment District No. 98-1 or such other financing district, shall assume the defense of, indemnify and hold harmless, BCVWD and CFD No. 93-1 and their officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, (i) the actions of the City pursuant to this Agreement and (ii) the construction of the BCVWD Facilities by the City; provided, however, that nothing in this paragraph shall limit, in any manner, BCVWD's or CFD No. 93-1's rights against any of the City's contractors. No provision of this Agreement shall in any way limit the extent of the responsibility of the City for payment of damages resulting from its own operations, including but not limited to the operations of any of its contractors, agents or employees.

The City hereby assures BCVWD and CFD No. 93-1 that any and all contractors employed by it shall furnish to BCVWD and CFD No. 93-1 certificates of insurance substantiating that they have obtained for the entire period of construction of any of the BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming the BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

BCVWD shall assume the defense of, indemnify and hold harmless CFD No. 93-1 and the City and their respective officers, employees and agents, and each and every one of them, from and against all actions, damages, claims, losses and expenses of every type and description to which they may be subjected or put, by reason of, or resulting from, the actions of BCVWD taken in the performance of this Agreement. No provision of this Agreement shall in any way limit the extent of the responsibility of BCVWD for the payment of damages resulting from its own operations or the operations of any of its contractors, agents or employees.

BCVWD hereby assures CFD No. 93-1 and the City that any and all contractors employed by it shall furnish to CFD No. 93-1 and the City certificates of insurance substantiating that they have obtained for the entire period of construction of any of the

BCVWD Facilities a policy of workers' compensation insurance and a comprehensive general liability insurance policy with coverage broad enough to include the contractual obligations they have under the construction contract and having a combined single limit of liability in the amount of \$2,000,000. Said certificate of insurance shall include an endorsement naming BCVWD, CFD No. 93-1, and the City, and their respective officers, employees and agents as additional insureds.

29. Reclaimed Water Facilities. Notwithstanding anything contained herein, this Agreement shall not supercede or modify the agreement between the City and BCVWD set forth in the Recycled Water Implementation Memorandum of Understanding. BCVWD Facilities constituting reclaimed water facilities, including modifications to the wastewater treatment plant, a reservoir for recycled water, a pumping station for pressurization of the system, and the recycled water distribution system for the City to deliver recycled water to customers and potential customers within the City, the City's sphere of influence and the District shall be constructed, owned, operated and maintained by the City, at its sole cost and expense, except as CFD No. 93-1 shall provide funding therefor. BCVWD shall have the right to review the plans for recycled water facilities prior to initiation of construction or installation by the City or CFD No. 93-1. BCVWD's review of plans shall not be deemed acceptance or approval by BCVWD of the sufficiency of said plans or as any other obligation in regard to construction or operation of said facilities. Nothing in this Agreement shall be deemed as participation by BCVWD in any activity by the City regarding the recycled water facilities or as acceptance of said facilities to any degree whatsoever.

30. Agreement under Section 10110 of the Streets and Highways Code. This Amendment No. 1 shall constitute the agreement among public agencies referenced in Section 10110 of the Streets and Highways Code.

31. No Joint and Several Liability. For those BCVWD Facilities financed partially by the City and partially by CFD No. 93-1, their obligation shall not be joint and several, but each shall be liable for its portion of the costs relating to such BCVWD Facility.

32. Effective Date and Termination. This Agreement shall become effective and of full force and effect as of its date of execution (the "Effective Date")

33. Notice. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party or other person shall be deemed to have been received when personally delivered or upon deposit of the same in the United States Post Office, registered or certified, postage prepaid, addressed as follows:

CFD No. 93-1:

City of Beaumont
Community Facilities District No. 93-1
550 E. Sixth Street
P.O. Box 158
Beaumont, California 92223
Attn: City Manager
TEL (909) 769-8520
FAX (909) 769-8526

City:

City of Beaumont

550 E. Sixth Street
P.O. Box 158
Beaumont, California 92223
Attn: City Manager
TEL (909) 769-8520
FAX (909) 769-8526

BCVWD:

Beaumont Cherry Valley Water District
560 N. Magnolia Avenue
P.O. Box 2037
Beaumont, California 92223
Attn: General Manager
TEL (909) 845-9581
FAX (909) 845-0159

Each party may change its address for delivery of notice by delivering written notice of such change of address to the other parties ~~[within twenty (20) days of such change]~~.

34. Captions. Captions to sections of the Agreement are for convenience purposes only and are not part of this Agreement.

35. Severability. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Agreement and the remaining parts shall remain in full effect as though such invalid or unenforceable provision had not been a part of this Agreement.

36. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

37. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the matters provided herein.

38. Amendments. This Agreement may be amended or modified only in writing signed by each of the parties.

39. Exhibits. The following exhibits attached hereto are incorporated into this Agreement by reference.

Exhibit Description

- | | |
|-------|---|
| "A" | Boundary Map of CFD No. 93-1
Boundary Map of Assessment District No. 98-1
(Boundaries may change as additional areas are annexed) |
| "B-1" | Series 1993A Facilities Description
and Construction Costs |
| "B-2" | Additional BCVWD Facilities Description
and Estimated Construction Costs |

40. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

41. Termination of the 1993 Joint Financing Agreement. Upon execution hereof, this Agreement shall supersede and replace the 1993 Joint financing Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**COMMUNITY FACILITIES DISTRICT
NO. 93-1 OF THE CITY OF BEAUMONT**

By: _____
Mayor of the City Council, Ex
Officio the Legislative Body of
City of Beaumont Community
Facilities District No. 93-1

ATTEST:

By: _____
Clerk of the City Council, Ex
Officio the Legislative Body of
City of Beaumont Community
Facilities District No. 93-1

CITY OF BEAUMONT

By: _____
Mayor of the City Council

ATTEST:

By: _____
Clerk of the City Council

**BEAUMONT CHERRY VALLEY WATER
DISTRICT**

By: _____
President

ATTEST:

By: _____
Secretary

AAMDJFA2.WPD

**BOUNDARY MAPS
OF
COMMUNITY FACILITIES DISTRICT NO. 93-1
(as of December 1, 1999)**

AND OF

**ASSESSMENT DISTRICT NO. 98-1
(as of December 1, 1999)**

EXHIBIT B-2

**ADDITIONAL BCVWD FACILITIES
(Westside Infrastructure Project)**

<u>Additional BCVWD Facilities (Westside Infrastructure Project)</u>		<u>Estimated Cost</u>	<u>AD No. 98-1 Percentage</u>	<u>CFD No. 93-1 Percentage</u>
A. Series 2000A Bonds Facilities				
1.	Taylor Reservoir and Well	\$2,329,500	88 %	12 %
2.	Transmission Mains	\$5,337,500	88 %	12 %
2.	Water Reclamation Facilities \$	75,000	88 %	12 %
3.	Planning & Engineering	\$1,490,029	88 %	12 %
4.	Contingency	\$ 348,788	88 %	12 %
B Series "B" Facilities				
1.	Mt. Davis Reservoir and Well	\$2,366,500	88 %	12 %
2.	Transmission Mains	\$4,310,000	88 %	12 %
3.	Water Reclamation Facilities	\$2,000,000	88 %	12 %
4.	Planning & Engineering	\$1,368,684	88 %	12 %
5.	Contingency	\$ 333,825	88 %	12 %
C Joint and Individual Facilities (as may be determined by AD No. 98-1 Property Owners)				

EXHIBIT B-1

COMMUNITY FACILITIES DISTRICT NO. 93-1

SERIES 1993A FACILITIES FACILITIES¹

A. County of Riverside

1. Intersection of Heartland Access and San Timoteo Canyon Road
(Design/Permitting Only)

Estimated Cost: \$75,000
Actual Cost: \$75,000
Status: completed

2. Grade Separation of Heartland Access and Railroad serving San Timoteo Canyon Road (Design/Permitting Only)

Estimated Cost: \$150,000
Actual Cost: \$150,000
Status: completed

3. Transition to Grade Separation of Southwest Properties Access to State Highway 60 at Jack Rabbit Trail and/or 1± Mile east of Jack Rabbit Trail
(Design/Permitting Only)

Estimated Cost: \$75,000
Actual Cost: \$75,000
Status: completed

B. Riverside County Flood Control and Water Conservation District

1. Bridge Crossing of Heartland Access at San Timoteo Canyon Road
(Design/Permitting Only)

Estimated Cost: \$150,000
Actual Cost: \$150,000
Status: completed

2. Marshall Creek between Cougar Way and State Highway 79 (Beaumont Avenue)

Estimated Cost: \$1,500,000
Actual Cost: \$228,923
Status: completed

C. Beaumont Cherry Valley Water District

¹ Includes all estimated costs required for facilities construction including engineering, planning, environmental, project management, plan check, inspection, contingency, surveying, geographical information system, issuance costs and certain administrative costs.

1. Singleton Unit Well Test Well
[Water Recognizance Report]

Estimated Cost: \$150,000
Actual Cost: included in #2 below
Status: completed
2. Wastewater Reclamation System System²
[includes Aquifer Recharge and Recovery Well, percolation pond appraisal, Plan of Study, fee credits and Master Water Plan update]

Estimated Cost: \$1,500,000
Actual Cost: \$363,001
Status: 95% complete
3. Master Water Plan Update

Estimated Cost: \$75,000
Actual Cost: \$70,000
Status: completed
4. Master Reclamation Plan (Design/Permitting Only)

Estimated Cost: \$30,000
Actual Cost: \$30,000
Status: completed
5. KSE Water

Estimated Cost: \$500,000
Actual Cost: \$57,294
Status: 15% complete
6. Southwest Properties Water (Design/Permitting Only)

Estimated Cost: \$150,000
Actual Cost: \$106,028
Status: 70% complete
7. Rolling Hills Water

Estimated Cost: \$1,000,000
Actual Cost: \$436,282
Status: completed
- D. San Gorgonio Pass Water Agency
 1. No Facilities Planned in Bond Series 1993A
- E. Beaumont Unified School District
 1. No Facilities Planned in Bond Series 1993A

² Includes alternate sources of new water supply

F. California Department of Transportation (CALTRANS)

- 1. Grade Separation, Access Ramps and Frontage Roads for Southwest Properties
Access to State Highway 60 at Jack Rabbit Trail and/or 1 ± Mile east of Jack
Rabbit Trail (Design/Permitting Only)**

Estimated Cost: \$500,000

Actual Cost: \$645,488

Status: completed

MEMORANDUM OF UNDERSTANDING
RECYCLED WATER SYSTEM DELIVERY PROJECT
FOR OAK VALLEY CHAMPIONS

THIS MEMORANDUM OF UNDERSTANDING, dated as of November 19, 2002, is executed by the CITY OF BEAUMONT, a municipal corporation ("CITY"), the BEAUMONT-CHERRY VALLEY WATER DISTRICT, a public agency ("DISTRICT"), and OAK VALLEY PARTNERS LP, a California Limited Partnership ("OV PARTNERS"), to set forth the parties' understandings relating to the following matters:

RECITALS

- A. OV PARTNERS is the owner and the developer of a mixed-use project commonly known as "Oak Valley Champions", situated in the western sphere of influence of the CITY (the "PROJECT"). OV PARTNERS desires to annex its property to the CITY and to the DISTRICT.
- B. Development of the PROJECT is governed by Specific Plan No. 318 approved by the County of Riverside in 2001 and the CITY in 2002. CHERRY VALLEY ACRES AND NEIGHBORS ("CVAN") filed a lawsuit challenging the County's approval of the Specific Plan, which lawsuit was resolved through execution of a Settlement Agreement between OV PARTNERS and CVAN effective as of January 30, 2002. Among other things, the Settlement Agreement required OV PARTNERS to advance at least \$160,000.00 to the CITY to fund extension of a recycled water system to the PROJECT (the "ADVANCE").
- C. OV PARTNERS is now prepared to make the ADVANCE required by the CVAN Settlement Agreement, with clarification that the ADVANCE is a pre-payment of recycled water system fees that would otherwise be payable to either the CITY or the DISTRICT following the annexations.

POINTS OF UNDERSTANDING

1. Within 30 days of the effective date of this Memorandum of Understanding, OV PARTNERS shall deposit with the CITY the sum of \$160,000.00 to be expended for facilities and equipment needed to facilitate the delivery of recycled water to the PROJECT.
2. The DISTRICT levies and collects from all private land developers, a recycled water system fee presently in the amount of \$667.00 per equivalent dwelling unit (the "FEE"). In

recognition of the ADVANCE, the DISTRICT shall credit OV PARTNERS, or its successors or assigns, with prepayment of such FEES up to a maximum of \$160,000.00. The DISTRICT reserves the right, in its sole discretion, to change the amount of the FEE.

3. The DISTRICT shall deliver to the CITY the sum of \$340,000.00 to be expended for facilities and equipment needed to facilitate the delivery of recycled water to the PROJECT within 30 days after the CITY provides written notice to the DISTRICT that it has begun construction on the Stage II Wastewater Treatment Plant Expansion.

4. The CITY shall begin purchasing equipment and construction of the Stage II Wastewater Treatment Plant Expansion within a reasonable period of time after receiving the deposit from OV PARTNERS pursuant to paragraph 1 above.

5. The DISTRICT and the CITY hereby agree to rescind that certain Memorandum of Understanding dated March, 1998, entitled Implementation MOU Relating to Loop agreement between the City of, in its entirety. Beaumont and the Beaumont-Cherry Valley Water District.

6. This Memorandum of Understanding may be executed in counterparts. The individual(s) signing this Memorandum of Understanding on behalf of a party represents that he or she has full authority to execute this Memorandum of Understanding on behalf of such party.

7. This Memorandum of Understanding shall inure to the benefit of, and be binding upon, the successors in interest and assignees of the respective parties. All such successors and assignees shall be bound by the duties of the parties arising under this Memorandum of Understanding.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Understanding to be executed effective as of the day and year first above written.

CITY OF BEAUMONT

By Brian DeForge
BRIAN DEFORGE, Mayor

DISTRICT

BEAUMONT-CHERRY VALLEY WATER

By Charles J. Butcher
CHARLES J. BUTCHER
General Manager

OAK VALLEY PARTNERS LP

By: OAK VALLEY-HUNT, INC.,
Its: MANAGING GENERAL PARTNER

By


D. CRAIG MARTIN, President



City of Beaumont

550 E. 6th Street
Beaumont, CA 92223

(951) 769-8520

FAX (951) 769-8526

Email: cityhall@ci.beaumont.ca.us

www.ci.beaumont.ca.us

June 7, 2007

Mr. Chuck Butcher
General Manager
Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, CA 92223

Subject: Reclaimed Water from City of Beaumont's Wastewater Treatment Plant

Dear Mr. Butcher:

This letter is to confirm the City of Beaumont (City) will provide reclaimed water from the City's wastewater treatment plant to the Beaumont Cherry Valley Water District (District) for subsequent distribution and sale to the District's irrigation customers and other reclaimed water users. The City will provide reclaimed water in the amounts requested. The City's reclaimed water will comply with the Regional Board's waste discharge requirements and California Administrative Code Title 22 for unrestricted use.

Once delivered to the District, the District will comply with the regulations for recycled water use and the City's waste discharge requirements issued by the Regional Board.

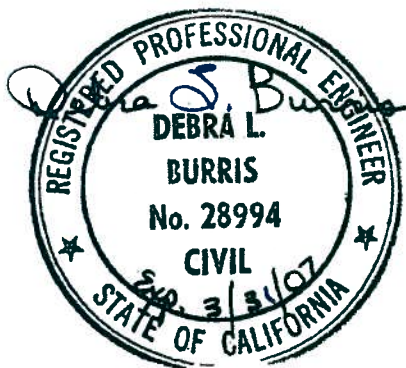
Sincerely,


Alan C. Kapanicas
City Manager



Beaumont-Cherry Valley Water District

Master Water Recycling Title 22 Engineering Report



November 29, 2006



WILDERMUTH™
ENVIRONMENTAL INC.

DDB
ENGINEERING, INC.

Section 2.0

Recycled Water Project

Wastewater treatment, disposal, and reuse are regulated by local, State, and Federal requirements primarily to protect public health, safety, and general welfare. In California, water recycling has received support from the U.S. Environmental Protection Agency (EPA), State Water Resources Control Board (SWRCB), and DHS as a means of effluent reuse and disposal and water conservation. This section describes the regulatory requirements for recycled water in the Beaumont-Cherry Valley area.

2.1 General

This engineering report will cover the transmission, distribution and use of recycled water for the BCVWD service area. The Beaumont WWTP is an existing treatment plant that currently discharges to the San Timoteo Creek via Cooper's Creek with full Title 22 treatment. The City of Beaumont is designing a transmission system that will convey tertiary treated recycled water from the WWTP to BCVWD's non-potable distribution system. Currently, the non-potable distribution system distributes disinfected groundwater from BCVWD's potable drinking water supply to irrigation customers. In the near future, the non-potable distribution system will be supplied with a blend of raw untreated water from the SWP and recycled water. The use of recycled water in the non-potable water system will reduce or discontinue WWTP discharge to the creek. The recycled water transmission and non-potable distribution systems are further discussed in Section 3.0.

2.2 Rules and Regulations

In accordance with California Code of Regulations Title 22 Water Recycling Criteria (California, 2000) requirements, the Beaumont WWTP will provide disinfected tertiary treated recycled water for reuse including landscape irrigation, non-restricted recreational impoundments, industrial processes, construction dust control, and other approved non-potable water uses. The *Beaumont WWTP No. 1 Title 22 Engineering Report* (DDB Engineering, Inc., 2006) includes a detailed description of the treatment process and plant reliability.

2.2.1 California Health Laws Related to Recycled Water

The use of recycled water is regulated by the California Health Laws including the Health and Safety Code, Water Code, and Titles 22 and 17 of the California Code of Regulations. Below is a summary of the laws pertaining to recycled water (California DHS, 2001).

Health and Safety Code. Division 104 of the California Health and Safety Code is titled "Environmental Health Services". Part 12, Chapter 5, Article 2 of this Division discusses water equipment and control including cross-connection

Item 5a



RAFTELIS FINANCIAL
CONSULTANTS, INC.

201 S. Lake Ave, Suite 803
Pasadena • CA • 91101

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Fax 626•583•1411

www.raftelis.com

June 29, 2007

Beaumont Cherry Valley Water District
560 Magnolia Avenue
Beaumont, California 92223

Attention: Mr. Charles J. Butcher
General Manager

Subject: 2007 Update of System Development Fees Report

Dear Mr. Butcher:

We are please to present *2007 Updated System Development Fees Report* for the Beaumont Cherry Valley Water District (District) to support the revised water system development fees for new customers. We are confident the implementation of the revised system development fees will benefit the District's existing customers so that they do not bear the costs of serving new customers.

The District needs to provide various water infrastructure facilities including wells, a water treatment plant, transmission lines, storage reservoirs, booster stations, pressure reducing stations, etc. to meet the needs of new users wishing to connect to the District's water system. In addition, the District is planning several different types of water resource projects to ensure it can meet the water demands of future users. These include State Water Project (SWP) water, stormwater capture, and recycled water. These facilities will cost the District over \$360 million over the next twenty years.

Since the fees were last revised in January 2006, costs of steel and concrete have continued to increase. The District will need deeper wells to provide water. These changes will increase the costs of wells and storage significantly. The updated system development fees seek to recover the costs of serving new customers and will ensure that costs of the new water supply facilities are appropriately borne by the new connectors to the District's water system.

2007 Update of Water System Development Fee

This report should be read in conjunction with the *System Development Fees Report* prepared by Black & Veatch in June 2004. Some basic information is repeated here, however, details are available in the above referenced report. This report updates the costs of the various facilities needed to meet the needs of new users so that the SDF can be revised to reflect the higher costs.

SDF are associated with providing general benefit facilities to accommodate new customers. Such facilities include:

- water supply;
- water treatment;
- storage;
- general or zonal pressure boosting;
- transmission piping;
- miscellaneous facilities.

INDUSTRY STANDARD METHODOLOGY

We have retained the current methodology of developing SDF. We are using the incremental approach because we need to build additional capacity to meet the needs of new users.

GROWTH

The District currently services about 12,300 connections and anticipates the number to grow to about 35,000 (not to be confused with EDUs) ultimately. The District currently supplies approximately 12,000 acre-feet per year (afy).

The District's 2005 Urban Water Management Plan (UWMP) outlines the demand and growth for the District over the next 25 years. The UWMP is consistent with the *2002 Facilities Fee Study*, prepared by Parsons. We have therefore retained the previous basis and updated the costs based on the latest bids and/or inflation. We have retained the original 38,000 additional EDUs at build out in Cherry Valley, City of Beaumont and unincorporated County areas. The District needs to build additional capacity to serve these users. The facilities needed to serve them are briefly described in the following section.

FACILITIES TO ACCOMMODATE GROWTH

To meet the water demand from new growth, the District is actively pursuing various water supply options. New water supply will come to the District from several sources

2007 Update of Water System Development Fee

including the State Water Project (SWP) through the San Geronio Pass Water Agency's East Branch Extension Phase I, a project designed to capture stormwater for replenishment purposes, and reclaimed water. In addition, the District is planning to purchase additional entitlement to SWP water and treating it directly for potable use.

Additional infrastructure needed to support the growth includes wells, supply reservoirs, transmission lines, booster stations, pressure reducing stations and miscellaneous facilities. Details regarding these facilities needed to meet the needs of new users are provided in Appendix A of the 2004 report.

Land Use and Meter Size

The District has five types of water accounts, generally conforming to different types of land use:

- Single family residential (SFR);
- Multiple family residential (MFR);
- Commercial;
- Agricultural irrigation; and
- Recreational irrigation.

The standard meter size for SFR accounts is the 5/8 x 3/4-inch meter and we have retained the usage of 0.66 acre-feet per year (afy) per EDU. It should be noted that this usage is higher than the 0.61 afy usage reported in the 2004 study. This may be partly due to the fact that bigger homes are being built and partly because these newer homes are setting up their landscaping which generally requires more water for irrigation. For planning purposes we have used this level of usage to design facilities and determine system development fees.

SYSTEM DEVELOPMENT FEE COMPUTATION

To simplify calculations for the increased demand, we have shown the calculations as originally reported in the 2004 study for the 0.61 afy demand per EDU and then prorated the infrastructure unit costs for the higher demand factor of 0.66 afy. Costs for supply are not being prorated assuming that more recycled water will be available, at no additional cost, to meet the additional demands resulting from the higher demand. Cost of SWP water rights includes the capitalized fixed costs to be paid over 30 years. The reliability factor for SWP water has decreased from the original 75% to 69% requiring the purchase of more SWP entitlement water.

All of the infrastructure related costs including storage, wells, booster stations, treatment plant, pipelines, pressure reducing stations, land, and State Water Project right have been updated to reflect current market conditions. These changes result in total cost of new

2007 Update of Water System Development Fee

facilities of \$361 million on a present worth cost basis. After including financing costs the total cost is \$373 million. The total capacity associated with the various projects is 38,000 EDUs. These figures yield the average unit cost of new facilities as shown in Table 1-1 below under the incremental method of computing system development fees,

The cost of new facilities is \$10,122 per EDU.

TABLE 1
SYSTEM DEVELOPMENT FEE COMPUTATION

	Costs based on 0.61 afy per EDU	Capacity			Unit Cost based on 0.66 afy/EDU
		mgd	AFY	EDU	
Supply					
Wells (1)	\$73,568,000	86		38,000	\$1,936
Water Rights (SWP) (2)	\$46,550,000		13,300	38,000	\$1,225
Water Treatment Plant (3)	\$35,000,000	10	5,600	38,000	\$921
Local Water Source (4)	\$18,443,000	3.7	4,100	38,000	\$485
Recycled Water Facilities (5)	\$53,263,000	10	9,200	38,000	\$1,402
Total	\$226,824,000			38,000	\$5,969
Transmission (≥16") (6)	\$54,971,000			38,000	\$1,568
Storage	\$70,380,000	47.5		38,000	\$2,008
Booster	\$4,865,000			38,000	\$139
Pressure Reducing Stations	\$2,484,000			38,000	\$71
Miscellaneous Projects	\$2,186,000			38,000	\$62
Total	\$361,710,000				\$9,818
Financing Costs (7)	\$11,203,894			38,000	\$304
Total with financing Costs	\$372,913,894				\$10,122

(1) Capacity shown for well is max day capacity for operating more than 12 hours a day.

(2) Water entitlement purchase of 13,300 afy @ \$3,500 @ 69 percent reliability to yield an additional 10,550 afy.

(3) Treatment plant will be operated 8 months of year to coincide with SWP deliveries.

(4) Local water source includes capture of stormwater to yield 4,100 afy.

(5) Recycled water facilities to yield 9200 afy.

(6) For transmission lines ≥ 18-in, the reduction in cost is \$165 per EDU. The connection fee is \$9,957 per EDU.

(7) Financing assumes interest costs at 5% per year for 5 years assuming projects are constructed in 5 year increments.

The calculated fee of \$10,122 is for an average single family residence. Multi-family units typically impose smaller demands on the system and charged a lower rate. The current charge for multi-family units is 66 percent of that for single family residences. We reviewed the demands placed by multi-family units. A review of those demands suggests that the charge for multi-family units should be reduced to 60 percent of an EDU from the current 66 percent. The other implementation recommendations referenced in the 2004 study remain valid.

2007 Update of Water System Development Fee

We appreciate your assistance in providing information necessary to analyze and carry out the study. In addition, we would like to thank Julie Salinas, and Joe Reichenberger and Steve Gratwick of Parsons for their assistance. We are grateful for the opportunity to participate in this interesting and challenging study. If we can be of further assistance please call me at 626 583 1894.

Sincerely,
Raftelis Financial Consultants

A handwritten signature in black ink, appearing to read "Sudhir D. Pardiwala", written over a horizontal line.

Sudhir D. Pardiwala, PE
Vice President

Item 5b



San Gorgonio Pass Water Agency

A California State Water Project Contractor

1210 Beaumont Avenue • Beaumont, CA 92223

Phone (951) 845-2577 • Fax (951) 845-0281

July 23, 2007

President:

John Jeter

Vice President:

Ray Morris

Treasurer:

Jim Andersen

Directors:

Richard Larsen

Chris Mann

Jim Snyder

Barbara Voigt

General Manager

& Chief Engineer

Jeff Davis, PE

Legal Counsel:

McCormick, Kidman

& Behrens

Stella Parks, President

Beaumont Cherry Valley Water District

560 Magnolia

Beaumont, CA 92223

Dear Ms. Parks:

The San Gorgonio Pass Water Agency (Agency), at its July 16 board meeting, discussed the possibility of the Agency and the District holding a joint board meeting to discuss issues of mutual interest at some point in the near future.

The Agency's board expressed a strong interest in pursuing such a joint meeting. It could be held in the Agency's boardroom, or at any number of neutral locations. Details of the meeting, such as the agenda, which staff members would attend, etc., could be worked out later. At this point, we are inquiring as to whether the District's board would also have an interest in such a joint meeting. Please consider this letter as an invitation to your Board to hold such a meeting.

Please contact me at your convenience to let me know whether you or your board think that this idea has merit.

Very truly yours,


John Jeter
President

Unapproved Minutes



**BEAUMONT CHERRY VALLEY WATER DISTRICT
UNNAPPROVED MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, August 22, 2007**

1. Call to Order, Pledge of Allegiance, Invocation and Roll Call – President Parks

President Parks called the meeting to order at 7:00pm and led everybody in the Pledge of Allegiance and asked to remain standing as Director Lash recited an invocation. All were present.

2. Adoption and Adjustment of Agenda (additions and/or deletions)

General Manager, C.J. Butcher presented a request to move item five before item twelve due to the number of audience present. He also presented a request from one of the Facilitators to table item 7b until after the report had been presented.

President Parks requested a motion to remove Item 7b and table it for the next meeting on September 12th.

Motion made by Director Lash, second by Director Dopp. **Motion passed 5-0**

President Parks requested a motion to adopt the agenda as adjusted.

Motion made by Director Dopp, second by Director Chatigny. **Motion passed 5-0**

3. Presentation by District's Engineer, Joe Reichenberger Regarding the San Gorgonio Pass Water Agency Potential Increase in Table A Amount for 2008 and Potential Rate Impacts.

Joe Reichenberger, District Engineer presented a memo to the Board as a response to the San Gorgonio Pass Water Agency's Memorandum regarding Potential Increase in Table A amount for 2008. He explained important points highlighted in the memorandum and he provided an explanation on each item. He stated that if the Pass Agency increases the amount of Table A water, the cost to bring the water in will increase the rate that the customers will have to pay. He commented that Beaumont Cherry Valley Water District recognizes and understands that it is essential to get additional water even if there will be cost increase to bring it in. Mr. Reichenberger explained that even with the 12,000 acre-feet, the Pass Agency's revenues exceed the expenses. He also mentioned that the revenue generated from the water sales was not mentioned in the Pass Agency's report.

4. Presentation by Dennis Williams from Geoscience Regarding Niki Magee's Letter Report.

General Manager, C.J. Butcher introduced Dennis Williams PH.D of Geoscience and he named several projects that Dr. Williams has done for the Beaumont Cherry Valley Water District.

Dr. Williams shared brief background information and stated that he has over 35 years of professional groundwater consulting experience. He stated that Beaumont Cherry Valley Water District requested his assistance to evaluate the nitrate issue. Dr. Williams provided the audience with a power point presentation to show the locations that he was going to focus on, the Edgar Canyon Storage Unit and the Beaumont Storage Unit. He explained that due to the nitrates that had been put into the ground by the on-site disposal systems, Beaumont Cherry Valley Water District has proposed to sewer Cherry Valley. He briefly explained how the on-site disposal systems slowly dispose nitrates into the ground. He explained the option presented by Niki Magee which states that "a simple solution for perching layers is to drill boreholes through the impermeable layer

and allow the perched water to pass through the unsaturated zone where the nitrates are filtered out." He stated that Wells 16 and 21 are being contaminated by the unsewered areas. He mentioned that all of the Beaumont Wells are very deep. He further explained that Mrs. Magee's suggestion to punch holes and let the nitrates go down through the permeable layer will cross contaminate the groundwater and will violate the anti-degradation policy. He stated that Mrs. Magee's proposed project will be more expensive to be constructed and maintained than the sewer project. Dr. Williams pointed out the location of Well 23 in reply to public inquiry. He concluded his presentation and offered to answer any questions.

General Manager, C.J. Butcher responded to questions from the public; are Wells 16 and 21 are blended, are they being reported and why they have not been shut down? Mr. Butcher explained the blending process and stated that every report on nitrates is being reported to the Health Department. He explained that the problem of nitrates has been in the ground since all the disposal systems were put in.

Mr. Williams stated that other communities like Lake William and Quail Lake are facing the same nitrate problem. He answered a question from the public in regards to other studies in the same area and stated that there was a report from Wildermuth Environmental that showed the nitrate issue.

There was an extensive discussion regarding the number of sewer connections in the City of Beaumont and whether all houses in Beaumont were on septic tanks. Discussion went on regarding the level of nitrates (spiking) and how it is being read as well as other causes of nitrates like livestock, fertilizers and pharmaceuticals. Mr. Butcher stated that the information on nitrate samples is available at the Regional Board and the Department of Health Services and informed that due to the District's Offices being under construction most reports are archived in temporary storage units. Brief discussion went on to include the fast development taking place in the area as being the cause of the disruption of the water spikes. Staff and public discussed the difference between the Wellhead protection and the sanitary seal and the possibility of this being the cause of contamination.

Vice-President Ball asked for the numbers and highest reads on nitrate levels for Wells 16 and 21. He asked if the District knows where the contamination is coming from since the findings were in Edgar Canyon. Mr. Butcher explained that back in the 1980's there was development going on, all of Oak Glen is on septic tanks, and there is a long history of samples on Well 6 that show how low nitrate levels increased as houses developed.

5. Staff Presentation Regarding Actual Replenishment vs. Estimates in the Urban Water Management Plan (Presentation by Joe Reichenberger)

District Engineer, Joe Reichenberger, gave a slide presentation on the "Status of Groundwater Storage Account". He presented a spreadsheet and explained that from the years 2004-2006 the data was real but, in 2007 the data was an estimated number. He stated that in 2005 the water demands were very close to the UWMP estimates and that the 2006 the water demand was higher due to the rapid growth of the city. He explained that in 2007 water demand projected was far below the 17, 639 acre feet. He stated that the District has purchased a total of 2500 acre-ft of water and that the District has a tentative agreement with South Mesa Water to purchase all of the water they will not need. District Engineer, Joe Reichenberger briefly explained that the District is an appropriator that will benefit when the Watermaster starts in 2009 to redistribute unused overlying rights, which amount to about 1600 acre feet. Additionally, he stated that the grant/loan to complete the recycle water project looks very good and that a revision was sent in May/June so the recycle water will move forward as scheduled (2009).

The District Engineer recommends that the District pursue getting as much imported water into the storage account as possible. He also recommends that the Pass Agency order Article 21 water

and look to purchase Turnback Pool Water as is available and to increase the 17, 300 acre-ft. He further recommends that the District offer assistance if necessary.

Vice-President Ball asked if the documentation he had requested, regarding the above project was available. District Engineer, Joe Reichenberger prepared a memo and provided copies of the SRF grant loan made for the Recycle water project, the chronology of MOU's by the City of Beaumont and a letter from the City of Beaumont City Manager. Vice-President Ball questioned the \$375,000 the District gave the City of Beaumont four years ago to build a storage tank for the treatment plant.

There was a brief discussion between members of the Board and staff regarding the process and the requirements to complete the application and the cost of recycle water based on the financial analysis as required in the application.

6. Action Items

a) Discussion and Possible Action Regarding Action by the Board to establish a Study Budget of \$25,000 to Pursue U.S. Bureau of Reclamation Funding for Beaumont Basin Pollution Control Project (Presentation by Joe Reichenberger).

General Manager, C.J. Butcher briefly explained that the proposed project is to pump the pollution out and deliver it to a wetland area to naturally treat the water and remove nitrates, run it through the District's barrel screens and put it into the recharge facility or into the non-potable system.

District Engineer, Joe Reichenberger gave a slide presentation and explained that the sewer system will eliminate most of the nitrate from entering the ground but, there is a large reservoir of nitrates that are still moving down in the ground. He explained that the extraction barrier will put the nitrates into a wetland area to be treated and then put back into the recycle water system. He recommends that the District start a budget of \$25,000 to investigate the hydrogeology further, develop a conceptual layout and cost estimate for construction and implementation and prepare a concept level report to work with the Bureau of Reclamation and other agencies as needed to seek funding.

No further questions were asked.

President Parks requested a motion to procreate funding of \$25,000 to the Bureau of Reclamation for Beaumont Basin Pollution Control Project.

Motion made by Motion Vice-President Ball, second by Director Lash. **Motion passed 5-0.**

b) Vice-President Ball's Request dated May 30, 2007 Relative to Recharge Project Costs.

Item tabled until the next Board Meeting to be held on September 12, 2007.

President Parks called on Sharon Hamilton to speak as she submitted a request to speak on this item at the beginning of the meeting.

Sharon Hamilton, a resident of Cherry Valley named a list of duties and organizations in which General Manager, Butcher takes part. She stated that she understands that taking over many duties should be overwhelming. She stated that when she read Dr. Ball's request to provide for a job cost report, she felt that this request was not an unusual request and that the General Manager should have the financial reports accessible. She offered to volunteer her time to help, since the District does not have the staff to recollect this information.

7. Public Input

There were no public requests to speak for items not on the agenda.

8. Adoption of Minutes

▪ Minutes of the Regular Meeting July 11th, 2007

President Parks requested a motion to approve the July 11, 2007 minutes with changes; typing error on Chuck's name, and vote on Financial Statement should read 4-1.

Motion made by Director Lash, second by Vice-President Ball. **Motion passed 5-0**

▪ Minutes of the Special Meeting July 24th , 2007

President Parks requested a motion to approve the July 24, 2007 special meeting minutes with changes; change public comments to read "on septic tanks".

Motion made by Director Chatigny, second by Director Lash. **Motion passed 5-0**

9. General Manager's Report

a) **Office Remodel** - General Manager, C.J. Butcher invited the public and members of the Board to drive by the construction in progress to see the project. He indicated that the project is moving along well and that it is expected to be completed by Christmas 2007.

b) **Vineland III Tank** - The project is complete, it has been filled and organic sample has been submitted.

c) **Wells, 25, 26 & 29** - Wells are under construction. Well 25 is the closest to completion. Well 26 is expected to be online by the end of the year and Well 25 and 29 are expected to be online by May of 2008.

d) **Letter Response to Cherry Valley Grace Brethren Church** - District Engineer, Joe Reichenberger stated that he responded to a letter that was addressed to C.J. Butcher (due to Mr. Butcher being on vacation). He stated that the questions that the Pastor of the Cherry Valley Grace Brethren Church regarding sewer cost were very important. He felt that it was important to send Pastor Roy Polman and immediate answer to his questions and he felt that the letter was equally important to be included in the agenda for Board members and the public to view.

10. Finance and Audit Committee Report

President Parks called on Patsy Reeley, a resident of Cherry Valley to speak on this item as she submitted a request to speak at the beginning of the meeting.

Patsy Reeley, Resident of cherry Valley questioned vendor invoices: EL Fisher for \$632, Cherry Valley Market for \$8.60, MSN \$21.95, two Laptop purchases, John Lund \$2,692 and the cost of the maintenance of the ponds which was for the total of \$164,539.

General Manager, C.J. Butcher stated that the computers were purchased to replace the current computers that broke at the same time. These computers are required by him to communicate at all times with Staff when on the road. He stated that any rebates for computers will not show on future invoices because it will be money coming in. He stated that he it is very likely that the EL Fisher invoice is most likely a refund and that he will look into it and that the check \$2,692 is for a meter refund. He stated that there is an article in the Press Enterprise about a demonstration garden that is being built by the Desert Water Agency of about 1.5 acres that will cost \$412,000 to build and that our project is about 9 acres and the cost is about \$196,979 per acre. He also presented a letter from the San Juan Basin which congratulates and requests that the Districts send a copy of the billboard. He stated that the letter ends by stating that they will follow the project as it develops.

President Parks called on Frances Flanders, a resident of Cherry Valley to speak on this item as she submitted a request to speak at the beginning of the meeting.

Frances Flanders, a resident of Cherry Valley requested an update on the 2004 Audit. She questioned that all financial statements are shown as "draft" since financial audits have not been done, and she stated that the financial reports were not accurate even when she requested a second copy with corrections.

General Manager, C.J. Butcher stated that the errors in the financials were not software malfunction, but Staff errors, and Audit 2004 is still in process. He stated that the interest rate showing nothing as a year end total is an obvious mistake that will be corrected.

a) Approval and payment of invoices for the month of July 2007.

President Parks requested a motion to approve the invoices for the month of July 2007. Motion made by Director Chatigny, second by Director Lash. **Motion passed 4-1**

b) Acceptance of July 2007 Financial Statement

President Parks requested a motion to table this item until the next meeting.

Motion made by Director Lash, second by Vice-President Ball. **Motion passed 5-0.**

11. Announcement.

President Parks announced that:

- The Breakfast Conference will be on September 20th,
- Town Hall meetings will be held on the 23rd of August at the City of Beaumont
- Town Hall meeting will be held on the 30th of August at the Grange,
- The District will be closed on the 3rd of September for the holiday.

12. Closed Session

Legal Counsel, Gerald Shoaf requested that the Board add a Potential Litigation that needs to be discussed.

President Parks asked for a motion to add potential litigation case.

Motion made by Director Lash, second by Director Chatigny. **Motion passed 5-0.**

Board adjourned for closed session at 10:01PM.

Board reconvened meeting at 10:35PM.

Legal Counsel, Gerald Shoaf reported that the status of Hal-Hays was given and a Potential Litigation case was discussed – no report on action

13. Adjournment.

President Parks adjourned the meeting at 10:36PM.

Item 9a

BEAUMONT-CHERRY VALLEY WATER DISTRICT
Check Register-Summary-Bank

AP5090
Page : 1
Date : Sep 06, 2007

Time : 9:45 am

Vendor : A&A FENCE To ZETLMAIER

Pay Date : 01-Aug-2007 To 31-Aug-2007

Bank : 1 - GENERAL CHECKING

Seq : Cheque No. **Status :** All

Medium : M=Manual C=Computer E=EFT-PA

Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
34983	02-Aug-2007	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	226	C	167.03
34984	02-Aug-2007	AKLUFU	AKLUFU & WY SOCKI	Issued	226	C	37.50
34985	02-Aug-2007	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	226	C	28.93
34986	02-Aug-2007	AQUABACKFL	AQUA BACKFLOW AND CHLORINATION INC	Issued	226	C	1,358.38
34987	02-Aug-2007	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	226	C	339.99
34988	02-Aug-2007	BDLALARMS	BDL ALARMS	Issued	226	C	38.00
34989	02-Aug-2007	BROOK	BROOK FURNITURE RENTAL	Issued	226	C	92.71
34990	02-Aug-2007	BSTATIONER	BEAUMONT STATIONERS	Issued	226	C	4.63
34991	02-Aug-2007	BTIRE	BEAUMONT TIRE	Issued	226	C	681.10
34992	02-Aug-2007	C&BCRUSHIN	C&B CRUSHING INC	Issued	226	C	50.00
34993	02-Aug-2007	DAVINCI	DA VINCI PRINTING & BLUEPRINTS	Issued	226	C	17.24
34994	02-Aug-2007	DEFORGECON	BRIAN DEFORGE CONSTRUCTION	Issued	226	C	24,000.00
34995	02-Aug-2007	DUSTCONTRC	DUST CONTROL INC	Issued	226	C	1,020.00
34996	02-Aug-2007	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	226	C	2,941.43
34997	02-Aug-2007	ESRI-CA	E.S.R.I. - CALIFORNIA	Issued	226	C	22,505.54
34998	02-Aug-2007	FEDEX	FEDEX	Issued	226	C	12.71
34999	02-Aug-2007	FLORR001	FLORES, RICARDO	Issued	226	C	35.42
35000	02-Aug-2007	GEOSCIENCE	GEOSCIENCE	Issued	226	C	6,134.00
35001	02-Aug-2007	GRAINGER	GRAINGER	Issued	226	C	288.64
35002	02-Aug-2007	HOMERSJANI	HOMER'S JANITORIAL SERVICE	Issued	226	C	392.00
35003	02-Aug-2007	INLANDWATE	INLAND WATER WORKS	Issued	226	C	15,469.39
35004	02-Aug-2007	JMCAPELLIN	J-CAP MATERIALS INC.	Issued	226	C	1,731.25
35005	02-Aug-2007	KVSPANTAN	KV'S PAINT AND DECORATING	Issued	226	C	101.72
35006	02-Aug-2007	MACROCOMM	MACRO COMMUNICATIONS	Issued	226	C	10,000.00
35007	02-Aug-2007	MARTYSMOBI	MARTY'S MOBILE CAR WASH	Issued	226	C	36.00
35008	02-Aug-2007	MATICH	MATICH CORP	Issued	226	C	3,228.69
35009	02-Aug-2007	MSTBACKFLO	MST BACKFLOW	Issued	226	C	520.00
35010	02-Aug-2007	NAPAAUTOPA	NAPA AUTO PARTS	Issued	226	C	146.50
35011	02-Aug-2007	NEXTEL	NEXTEL COMMUNICATIONS	Issued	226	C	3,244.80
35012	02-Aug-2007	OAKGLENCON	OAK GLEN CONSERVATION CAMP	Issued	226	C	2,000.00
35013	02-Aug-2007	PACIFICALA	PACIFIC ALARM	Issued	226	C	47.50
35014	02-Aug-2007	PACIFICHYD	PACIFIC HYDROTECH CORP.	Issued	226	C	309,915.00
35015	02-Aug-2007	QUALITYCON	QUALITY CONSTRUCTION MANAGEMENT	Issued	226	C	116,678.33
35016	02-Aug-2007	RAYMARTINE	RAY MARTINEZ & ASSOCIATES ARCHITECTS	Issued	226	C	15,573.90
35017	02-Aug-2007	SAFEGUARD	SAFEGUARD	Issued	226	C	1,703.24
35018	02-Aug-2007	SOCALPUMP	SOCAL PUMP & WELL	Issued	226	C	31,914.95
35019	02-Aug-2007	SOCALWEST	SO CAL WEST COST ELECTRIC	Issued	226	C	238.04
35020	02-Aug-2007	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	226	C	465.03
35021	02-Aug-2007	STO-AWAYPO	STO-AWAY POWER CRANES	Issued	226	C	249.48
35022	02-Aug-2007	SUNWESTBAN	SUNWEST BANK	Issued	226	C	34,435.00
35023	02-Aug-2007	TOMLARA	TOM LARA	Issued	226	C	33,700.00
35024	02-Aug-2007	TRAFFICSPE	TRAFFIC SPECIALTIES INC	Issued	226	C	1,724.30
35025	02-Aug-2007	UNITEDRENT	UNITED RENTALS NORTHWEST INC	Issued	226	C	4,475.53
35026	02-Aug-2007	UNITEDSITE	UNITED SITE SERVICES OF CA	Issued	226	C	126.25
35027	02-Aug-2007	WELLSFARGC	WELLS FARGO REMITTANCE CENTER	Issued	226	C	3,461.03
35028	09-Aug-2007	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	227	C	320.52
35030	09-Aug-2007	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	227	C	92.40
35031	09-Aug-2007	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	227	C	488.24
35032	09-Aug-2007	B76	BEAUMONT 76	Issued	227	C	2,460.51
35033	09-Aug-2007	BASICCHEMI	BASIC CHEMICAL SOLUTIONS LLC	Issued	227	C	3,250.64
35034	09-Aug-2007	BRINKS INC	BRINK'S INC	Issued	227	C	381.94
35035	09-Aug-2007	BRITHINEE	BRITHINEE ELECTRIC	Issued	227	C	4,694.18
35036	09-Aug-2007	BROOK	BROOK FURNITURE RENTAL	Issued	227	C	2,296.91
35037	09-Aug-2007	BSTATIONER	BEAUMONT STATIONERS	Issued	227	C	43.05
35038	09-Aug-2007	CADETUNIFO	CADET UNIFORM SERVICE	Issued	227	C	66.77
35039	09-Aug-2007	CALTOOL	CALIFORNIA TOOL & WELDING	Issued	227	C	46.80

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35040	09-Aug-2007	COFRIVASSE	COUNTY OF RIVERSIDE ASSESSOR COUNT	Issued	227	C	3.00
35041	09-Aug-2007	CVAUTO	CHERRY VALLEY AUTOMOTIVE	Issued	227	C	1,685.27
35042	09-Aug-2007	DAVINCI	DA VINCI PRINTING & BLUEPRINTS	Issued	227	C	38.25
35043	09-Aug-2007	DEFORGECON	BRIAN DEFORGE CONSTRUCTION	Issued	227	C	12,000.00
35044	09-Aug-2007	DISSINGER	DISSINGER ASSOCIATES	Issued	227	C	165.00
35045	09-Aug-2007	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	227	C	96,320.27
35046	09-Aug-2007	ESBABCOCK	ES BABCOCK	Issued	227	C	70.00
35047	09-Aug-2007	ESRI-CA	E.S.R.I. - CALIFORNIA	Issued	227	C	1,744.19
35048	09-Aug-2007	FARMERBROS	FARMER BROS	Issued	227	C	183.32
35049	09-Aug-2007	GARCIASAMA	GARCIA, SAMANTHA	Issued	227	C	105.00
35050	09-Aug-2007	GASCO	THE GAS COMPANY	Issued	227	C	10.52
35051	09-Aug-2007	GASSCO	GAS ARC STEEL SUPPLY CO	Issued	227	C	79.41
35052	09-Aug-2007	GRAINGER	GRAINGER	Issued	227	C	314.85
35053	09-Aug-2007	HARRISONGA	GABRIELLA, HARRISON	Issued	227	C	21,255.68
35054	09-Aug-2007	HEMETOIL	HEMET OIL CO	Issued	227	C	5,539.34
35055	09-Aug-2007	HIGHWAYTEC	HIGHWAY TECHNOLOGIES INC	Issued	227	C	2,309.23
35056	09-Aug-2007	HOLLSTEIN	HOLLSTEIN, BRANDI	Issued	227	C	33.37
35057	09-Aug-2007	HOMEDEPOT	HOME DEPOT CREDIT SERVICES	Issued	227	C	649.71
35058	09-Aug-2007	INLANDWATE	INLAND WATER WORKS	Issued	227	C	6,062.04
35059	09-Aug-2007	JMCAPELLIN	J-CAP MATERIALS INC.	Issued	227	C	480.00
35060	09-Aug-2007	KVSPAINTAN	KV'S PAINT AND DECORATING	Issued	227	C	681.20
35061	09-Aug-2007	LORGEOTECH	LOR GEOTECHNICAL GROUP INC	Issued	227	C	408.00
35062	09-Aug-2007	MARTYSMOBI	MARTY'S MOBILE CAR WASH	Issued	227	C	12.00
35063	09-Aug-2007	MATICH	MATICH CORP	Issued	227	C	1,770.33
35064	09-Aug-2007	NAPAAUTOPA	NAPA AUTO PARTS	Issued	227	C	469.73
35065	09-Aug-2007	NINOS	NINO'S	Issued	227	C	9,771.25
35066	09-Aug-2007	PATSPOTS	PAT'S POTS	Issued	227	C	80.00
35067	09-Aug-2007	PURCHASEPC	PITNEY BOWES PURCHASE POWER	Issued	227	C	2,000.00
35068	09-Aug-2007	REDWINE	REDWINE AND SHERRILL	Issued	227	C	17,284.80
35069	09-Aug-2007	RFC	RAFTELIS FINANCIAL CONSTULTANTS INC	Issued	227	C	6,707.00
35070	09-Aug-2007	RIOSTONE	RIO STONE BUILDING MATERIALS	Issued	227	C	177.79
35071	09-Aug-2007	SANCHEZALE	SANCHEZ, ALEXIS	Issued	227	C	105.00
35072	09-Aug-2007	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	227	C	1,612.50
35073	09-Aug-2007	THOMASMED	THOMAS MEDINA,	Issued	227	C	2,750.00
35074	09-Aug-2007	TOMLARA	TOM LARA	Issued	227	C	34,950.00
35075	09-Aug-2007	UNDERGROU	UNDERGROUND SERVICE ALERT	Issued	227	C	168.00
35076	09-Aug-2007	UNITEDRENT	UNITED RENTALS NORTHWEST INC	Issued	227	C	1,656.30
35077	09-Aug-2007	UNITEDSITE	UNITED SITE SERVICES OF CA	Issued	227	C	179.72
35078	09-Aug-2007	VERIZON	VERIZON	Issued	227	C	3,344.45
35079	09-Aug-2007	WASTEMANA	WASTE MANAGEMENT	Issued	227	C	382.48
35080	09-Aug-2007	WILLAS	LASH, WILL	Issued	227	C	200.00
35082	09-Aug-2007	ACWAJPIA	ACWAJPIA	Issued	229	C	225.00
35083	09-Aug-2007	ACWAJPIA	ACWAJPIA	Issued	230	C	66,041.00
35084	16-Aug-2007	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	233	C	137.30
35085	16-Aug-2007	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	233	C	301.29
35086	16-Aug-2007	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	233	C	252.22
35087	16-Aug-2007	BYRDINDELE	BYRD INC ELECTRONICS	Issued	233	C	493.60
35088	16-Aug-2007	CINGULARWI	AT&T MOBILITY	Issued	233	C	86.08
35089	16-Aug-2007	CR&RINCORP	CR&R INC	Issued	233	C	210.62
35090	16-Aug-2007	CVAUTO	CHERRY VALLEY AUTOMOTIVE	Issued	233	C	85.00
35091	16-Aug-2007	DEFORGECON	BRIAN DEFORGE CONSTRUCTION	Issued	233	C	14,000.00
35092	16-Aug-2007	DESIGNSPAC	DESIGN SPACE MODULAR BUILDINGS INC.	Issued	233	C	2,968.29
35093	16-Aug-2007	DOPPMARQUI	MARQUEL DOPP	Issued	233	C	800.00
35094	16-Aug-2007	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	233	C	26.27
35095	16-Aug-2007	EMPIREOIL	EMPIRE OIL	Issued	233	C	75.62
35096	16-Aug-2007	ESBABCOCK	ES BABCOCK	Issued	233	C	245.00

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Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
35097	16-Aug-2007	FEDEX	FEDEX	Issued	233	C	32.62
35098	16-Aug-2007	GENESIS	GENESIS CONSTRUCTION	Issued	233	C	99,112.60
35099	16-Aug-2007	GENESIS	GENESIS CONSTRUCTION	Issued	233	C	66,375.00
35100	16-Aug-2007	GEOSCIENCE	GEOSCIENCE	Issued	233	C	1,247.00
35101	16-Aug-2007	HEMETOIL	HEMET OIL CO	Issued	233	C	3,680.45
35102	16-Aug-2007	HIGHWAYTEC	HIGHWAY TECHNOLOGIES INC	Issued	233	C	1,150.25
35103	16-Aug-2007	HUDECS	HUDECS COMPUTER CONSULTING	Issued	233	C	2,569.80
35104	16-Aug-2007	INLANDWATE	INLAND WATER WORKS	Issued	233	C	5,580.18
35105	16-Aug-2007	JEFFC001	JEFF CARPENTER INC	Issued	233	C	622.80
35106	16-Aug-2007	JMCAPELLIN	J-CAP MATERIALS INC.	Issued	233	C	441.25
35107	16-Aug-2007	JOHNSONMAC	JOHNSON MACHINERY	Issued	233	C	1,611.29
35108	16-Aug-2007	KATHY DIAZ	KATHLEEN DIAZ,	Issued	233	C	36.94
35109	16-Aug-2007	MARIN, BLA	MARIN, BLANCA	Issued	233	C	114.37
35110	16-Aug-2007	MARTYSMOBI	MARTY'S MOBILE CAR WASH	Issued	233	C	36.00
35111	16-Aug-2007	MATICH	MATICH CORP	Issued	233	C	2,643.92
35112	16-Aug-2007	MISSIONOAK	MISSION OAKS NATIONAL BANK	Issued	233	C	11,012.50
35113	16-Aug-2007	MISSIONOAK	MISSION OAKS NATIONAL BANK	Issued	233	C	7,375.00
35114	16-Aug-2007	NAPAAUTOPA	NAPA AUTO PARTS	Issued	233	C	31.23
35115	16-Aug-2007	PACIFICHYD	PACIFIC HYDROTECH CORP.	Issued	233	C	263,412.00
35116	16-Aug-2007	RAINFORREN	RAIN FOR RENT	Issued	233	C	3,210.90
35117	16-Aug-2007	RIOSTONE	RIO STONE BUILDING MATERIALS	Issued	233	C	177.79
35118	16-Aug-2007	SAFEGUARD	SAFEGUARD	Issued	233	C	1,278.04
35119	16-Aug-2007	SOCALPUMP	SOCAL PUMP & WELL	Issued	233	C	15,386.25
35120	16-Aug-2007	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	233	C	850.00
35121	16-Aug-2007	STELLAPARK	PARKS, STELLA	Issued	233	C	1,000.00
35122	16-Aug-2007	STO-AWAYPO	STO-AWAY POWER CRANES	Issued	233	C	29.51
35123	16-Aug-2007	SUNWESTBAI	SUNWEST BANK	Issued	233	C	29,268.00
35124	16-Aug-2007	TIMEWARNER	TIME WARNER CABLE	Issued	233	C	271.60
35125	16-Aug-2007	TOMDODSON	TOM DODSON & ASSOCIATES	Issued	233	C	4,747.00
35126	16-Aug-2007	TOMLARA	TOM LARA	Issued	233	C	37,200.00
35127	16-Aug-2007	TRENCHSHOF	TRENCH SHORING	Issued	233	C	1,018.82
35128	16-Aug-2007	VCICO001	VCI CONSTRUCTION	Issued	233	C	647.93
35129	16-Aug-2007	VERIZON	VERIZON	Issued	233	C	1,137.84
35130	16-Aug-2007	VERIZONWIR	VERIZON WIRELESS	Issued	233	C	353.49
35131	16-Aug-2007	WASTE MANA	RIVERSIDE COUNTY WASTE MANAGEMENT	Issued	233	C	800.00
35132	16-Aug-2007	WELLSFARGC	WELLS FARGO REMITTANCE CENTER	Issued	233	C	1,993.83
35133	16-Aug-2007	WILLAS	LASH, WILL	Issued	233	C	200.00
35134	16-Aug-2007	WILLZ002	WILLIAM LYON HOMES	Issued	233	C	303.28
35136	20-Aug-2007	FREIGHTLIN	FREIGHTLINER	Issued	235	C	24.37
35137	23-Aug-2007	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	236	C	718.31
35138	23-Aug-2007	AIR&HOSESO	AIR & HOSE SOURCE INC.	Issued	236	C	136.39
35139	23-Aug-2007	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	236	C	198.00
35140	23-Aug-2007	AQUABACKFL	AQUA BACKFLOW AND CHLORINATION INC	Issued	236	C	1,042.94
35141	23-Aug-2007	AVAYA	AVAYA	Issued	236	C	130.73
35142	23-Aug-2007	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	236	C	304.19
35143	23-Aug-2007	B76	BEAUMONT 76	Issued	236	C	1,843.39
35144	23-Aug-2007	BLAIRBALL	BALL, BLAIR	Issued	236	C	400.00
35145	23-Aug-2007	BLAWNMOVE	BEAUMONT LAWNMOWER	Issued	236	C	28.00
35146	23-Aug-2007	BROOK	BROOK FURNITURE RENTAL	Issued	236	C	92.71
35147	23-Aug-2007	BSTATIONER	BEAUMONT STATIONERS	Issued	236	C	2.24
35148	23-Aug-2007	CADETUNIFO	CADET UNIFORM SERVICE	Issued	236	C	66.77
35149	23-Aug-2007	CAMGUARD	CAM GUARD SYSTEMS INC.	Issued	236	C	950.00
35150	23-Aug-2007	CINGULARWI	AT&T MOBILITY	Issued	236	C	89.15
35151	23-Aug-2007	CVAUTO	CHERRY VALLEY AUTOMOTIVE	Issued	236	C	531.78
35152	23-Aug-2007	DAUGHTERYS	DAUGHTERY'S PEST CONTROL	Issued	236	C	150.00
35153	23-Aug-2007	DEFORGECON	BRIAN DEFORGE CONSTRUCTION	Issued	236	C	12,000.00

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Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
35154	23-Aug-2007	DOPPMARQUI	MARQUEL DOPP	Issued	236	C	600.00
35155	23-Aug-2007	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	236	C	2,750.56
35156	23-Aug-2007	ESBABCOCK	ES BABCOCK	Issued	236	C	12,090.00
35157	23-Aug-2007	FENTJ001	FENTON, JESSICA AND ESTRADA, JOSEPH	Issued	236	C	640.00
35158	23-Aug-2007	GASSCO	GAS ARC STEEL SUPPLY CO	Issued	236	C	21.00
35159	23-Aug-2007	HEMETOIL	HEMET OIL CO	Issued	236	C	3,138.98
35160	23-Aug-2007	HIGHWAYTEC	HIGHWAY TECHNOLOGIES INC	Issued	236	C	593.55
35161	23-Aug-2007	HUDECS	HUDECS COMPUTER CONSULTING	Issued	236	C	1,208.60
35162	23-Aug-2007	INLANDWATE	INLAND WATER WORKS	Issued	236	C	7,358.18
35163	23-Aug-2007	JOSEPHSCOT	JOSEPH R. SCOTT INC.	Issued	236	C	71,053.21
35164	23-Aug-2007	KVSPAIN TAN	KV'S PAINT AND DECORATING	Issued	236	C	174.34
35165	23-Aug-2007	MARIN, BLA	MARIN, BLANCA	Issued	236	C	22.00
35166	23-Aug-2007	MARTYSMOBI	MARTY'S MOBILE CAR WASH	Issued	236	C	48.00
35167	23-Aug-2007	MDMCZ001	M.D.M. CONSTRUCTION	Issued	236	C	670.94
35168	23-Aug-2007	MEDINAJON	MEDINA, JON	Issued	236	C	129.27
35169	23-Aug-2007	METROCALL	METROCALL	Issued	236	C	227.65
35170	23-Aug-2007	MOREN006	A&J POOLS-DINA A. MORENO	Issued	236	C	591.43
35171	23-Aug-2007	NAPAAUTOPA	NAPA AUTO PARTS	Issued	236	C	82.96
35172	23-Aug-2007	PAIGETRUCK	PAIGE TRUCKING	Issued	236	C	6,173.75
35173	23-Aug-2007	PARSONS	PARSONS	Issued	236	C	109,853.32
35174	23-Aug-2007	RAINFORREN	RAIN FOR RENT	Issued	236	C	2,441.32
35175	23-Aug-2007	RANCHOREAI	RANCHO READY MIX INC.	Issued	236	C	851.23
35176	23-Aug-2007	SCHLANGEJA	SCHLANGE, J. ANDREW	Issued	236	C	1,950.00
35177	23-Aug-2007	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	236	C	410.22
35178	23-Aug-2007	STELLAPARK	PARKS, STELLA	Issued	236	C	600.00
35179	23-Aug-2007	TOMLARA	TOM LARA	Issued	236	C	33,380.00
35180	23-Aug-2007	TRENCHPLAT	TRENCH PLATE RENTAL CO.	Issued	236	C	2,234.10
35181	23-Aug-2007	UNITEDRENT	UNITED RENTALS NORTHWEST INC	Issued	236	C	1,544.78
35182	23-Aug-2007	VERIZON	VERIZON	Issued	236	C	224.73
35183	23-Aug-2007	WILDERMUTH	WILDERMUTH ENVIRONMENTAL INC	Issued	236	C	7,295.56
35184	23-Aug-2007	WILLAS	LASH, WILL	Issued	236	C	400.00
35185	23-Aug-2007	YANKEESELF	YANKEE SELF STORAGE	Issued	236	C	652.00
35186	23-Aug-2007	JOSEPHSCOT	JOSEPH R. SCOTT INC.	Issued	237	C	64,793.80
35187	23-Aug-2007	SIZEMORELO	SIZEMORE, LORI	Issued	238	C	39.16
35188	28-Aug-2007	VERIZONCOM	VERIZON	Issued	245	C	1,176.18
35189	30-Aug-2007	ACTIONTRUE	ACTION TRUE VALUE HARDWARE	Issued	246	C	577.17
35190	30-Aug-2007	ALLPURPOSE	ALL PURPOSE RENTALS	Issued	246	C	363.00
35191	30-Aug-2007	AMERICANEN	AMERICAN ENGINEERING LABORATORIES II	Issued	246	C	4,445.00
35192	30-Aug-2007	B ACE HOME	BEAUMONT ACE HOME CENTER	Issued	246	C	234.55
35193	30-Aug-2007	BASICCHEMI	BASIC CHEMICAL SOLUTIONS LLC	Issued	246	C	2,500.69
35194	30-Aug-2007	CVAUTO	CHERRY VALLEY AUTOMOTIVE	Issued	246	C	321.53
35195	30-Aug-2007	DEFORGE COI	BRIAN DEFORGE CONSTRUCTION	Issued	246	C	12,000.00
35196	30-Aug-2007	DICKDAVIS	DICK DAVIS	Issued	246	C	605.00
35197	30-Aug-2007	DOPPMARQUI	MARQUEL DOPP	Issued	246	C	400.00
35198	30-Aug-2007	EDISON	SOUTHERN CALIFORNIA EDISON	Issued	246	C	92,807.48
35199	30-Aug-2007	EMPIREDISP	EMPIRE DISPOSAL	Issued	246	C	46.86
35200	30-Aug-2007	EMPIREPRES	EMPIRE PRESORT & MAILING SERVICES	Issued	246	C	707.00
35201	30-Aug-2007	ESBABCOCK	ES BABCOCK	Issued	246	C	245.00
35202	30-Aug-2007	FEDEX	FEDEX	Issued	246	C	23.17
35203	30-Aug-2007	HEMETOIL	HEMET OIL CO	Issued	246	C	5,678.85
35204	30-Aug-2007	HIGHWAYTEC	HIGHWAY TECHNOLOGIES INC	Issued	246	C	521.43
35205	30-Aug-2007	INLANDWATE	INLAND WATER WORKS	Issued	246	C	3,102.11
35206	30-Aug-2007	JOSEPHSCOT	JOSEPH R. SCOTT INC.	Issued	246	C	49,284.48
35207	30-Aug-2007	KVSPAIN TAN	KV'S PAINT AND DECORATING	Issued	246	C	119.21
35208	30-Aug-2007	LUTHERSTRU	LUTHERS TRUCK & EQUIPMENT	Issued	246	C	255.00
35209	30-Aug-2007	MARTYSMOBI	MARTY'S MOBILE CAR WASH	Issued	246	C	180.00

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Check #	Check Date	Vendor	Vendor Name	Status	Batch	Medium	Amount
35210	30-Aug-2007	MATICH	MATICH CORP	Issued	246	C	646.50
35211	30-Aug-2007	NAPAAUTOPA	NAPA AUTO PARTS	Issued	246	C	71.66
35212	30-Aug-2007	NEXTEL	NEXTEL COMMUNICATIONS	Issued	246	C	3,060.36
35213	30-Aug-2007	PAIGETRUCK	PAIGE TRUCKING	Issued	246	C	2,805.00
35214	30-Aug-2007	PASSD001	PASS DEVELOPERS INC.	Issued	246	C	121.88
35215	30-Aug-2007	PERFORMANC	PERFORMANCE METER INC	Issued	246	C	859.85
35216	30-Aug-2007	RANCHOREAL	RANCHO READY MIX INC.	Issued	246	C	614.18
35217	30-Aug-2007	RAYMARTINE	RAY MARTINEZ & ASSOCIATES ARCHITECTS	Issued	246	C	34,135.54
35218	30-Aug-2007	SO CAL SAN	SO CAL SANDBAGS	Issued	246	C	37,602.11
35219	30-Aug-2007	SOCALPUMP	SOCAL PUMP & WELL	Issued	246	C	16,494.00
35220	30-Aug-2007	SOCALWEST	SO CAL WEST COST ELECTRIC	Issued	246	C	1,953.53
35221	30-Aug-2007	STAPLES	STAPLES BUSINESS ADVANTAGE	Issued	246	C	1,356.50
35222	30-Aug-2007	STELLAPARK	PARKS, STELLA	Issued	246	C	400.00
35223	30-Aug-2007	STMP000362	SIU, SAU KAM	Issued	246	C	31.64
35224	30-Aug-2007	STMP000363	PETTON, JAMIE	Issued	246	C	20.26
35225	30-Aug-2007	STMP000364	PERALTA, MARIA E.	Issued	246	C	21.38
35226	30-Aug-2007	STMP000365	DOODY, LOUIS	Issued	246	C	1.33
35227	30-Aug-2007	STO-AWAYPO	STO-AWAY POWER CRANES	Issued	246	C	29.98
35228	30-Aug-2007	TERMINIX	TERMINIX	Issued	246	C	324.00
35229	30-Aug-2007	TOMLARA	TOM LARA	Issued	246	C	37,790.51
35230	30-Aug-2007	UNITEDRENT	UNITED RENTALS NORTHWEST INC	Issued	246	C	1,070.76
35231	30-Aug-2007	USPOSTAL	US POSTAL SERVICE	Issued	246	C	10,000.00
35232	30-Aug-2007	VERIZON	VERIZON	Issued	246	C	476.71
35233	30-Aug-2007	XEROX	XEROX CORPORATION	Issued	246	C	1,059.02
35234	30-Aug-2007	SCHLANGEJA	SCHLANGE, J. ANDREW	Issued	247	C	5,456.32
Total Computer Paid :		2,237,089.25	Total EFT PAP :	0.00	Total Paid :		2,237,089.25
Total Manually Paid :		0.00	Total EFT File :	0.00			

249 Total No. Of Cheque(s) ...

Memo

Memo

To: Board of Directors
From: C.J. Butcher, General Manager
Date: September 6, 2007
Re: Month End Financial Statement

In light of recent inquiries regarding the accuracy of our Month End Financial Statements, District Staff has enlisted the help of the previous Auditor, John W. Branchflower to review the Month End Statements.

Both Mr. Branchflower and District Staff have been working diligently since the August 22, 2007 meeting and the July, August and September Month End Financial Statements should be available for review at the October 2, 2007, Finance and Audit Committee Meeting and approval at the October 10th, 2007 meeting. Also available for review and approval will be the Third Quarter Report.

In focusing attention on the Month End Financial Statements along with the August meeting being scheduled on the fourth Wednesday instead of the second, a status of the 2004 Audit was not made available to the District in time for the Agenda package production.