Email Response from California Infrastructure and Economic Development Bank Related to Transfer of Connections, LAFCO Letter Dated June 20, 2012 Outlining Issue Related to Transfer of Connections, Enterprise Fund Installment Sale Agreement – Original and Two Amendments

Attachment 3

Rollings-McDonald, Kathleen

From: Cummings, Diane <Diane.Cummings@ibank.ca.gov>
Sent: Tuesday, August 21, 2012 3:02 PM
To: Rollings-McDonald, Kathleen
Cc: Backlund, Christina; Scott Priester - Director of Development Services (spriester@cityofhesperia.us); Rigney, Jeff; Cristia-Plant, Roma; Munoz, Marilyn; Tengan, Thomas; Backlund, Christina; Nakata, Carlos
Subject: RE: Letter Related Hesperia Water District

Kathleen,

On July 18, 2012, I participated in a teleconference attended by you and other LAFCO staff, as well as staff from the City of Hesperia and the County of San Bernardino, to discuss the proposed annexation of certain properties to the Hesperia Water District and detachment of those properties from County Service Area 70, Zone J (County) (Action). The Action is of interest to the CA Infrastructure and Economic Development Bank (IBank), due to an outstanding Installment Sale Agreement, dated as of November 25, 2003, and a First Amendment dated as of September 1, 2006, and a Second Amendment dated as of October 2, 2011 (collectively, the Agreement) the IBank has with the County.

The IBank's interest in the proposed annexation is to ensure that the County remains in compliance with the Agreement. In accordance with Section 3.01 of the Agreement, the County has pledged net system revenues and all amounts in the Enterprise Fund (Fund) as security for the Agreement.

> SECTION 3.01. Pledge of Pledged Net System Revenues and Enterprise Fund.
>
> The Installment Payments and Additional Payments and all Parity Debt shall be equally secured by a pledge of and first lien on all of the Pledged Net System Revenues and all amounts in the Enterprise Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Pledged Net System Revenues and all amounts in the Enterprise Fund are hereby pledged in their entirety to the payments required by Section 3.02. The Pledged Net System Revenues and all amounts in the Enterprise Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Purchaser.

In Section 3.02, the County covenants to maintain the Fund:

> SECTION 3.02. Enterprise Fund; Payments.
>
> In order to carry out its obligation to pay the Installment Payments and Additional Payments, the Purchaser agrees and covenants that it shall maintain the Enterprise Fund. All System Revenues received by it shall be deposited when and as received in trust in the Enterprise Fund and shall be applied and used only as provided herein: the Purchaser shall pay all Operations and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operations and Maintenance Costs the payment of which is not then immediately required) from the Enterprise Fund as they become due and payable, and all remaining money on deposit in the Enterprise Fund shall then be used to pay Section 3.03 amounts. After making all the set asides and payments hereinabove required to be made in each Fiscal Year, the Purchaser may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Purchaser. The Purchaser agrees and covenants to maintain the Enterprise Fund so long as any portion of the Purchase Price remains unpaid.

Section 5.04 sets forth the County's covenants to preserve and protect the security:

> SECTION 5.04. Protection of Security and Rights.

The Purchaser will preserve and protect the security for payment of the Installment Payments, Additional Payments and the rights of the CIEDB. From and after the Effective Date, the Agreement shall be incontestable by the Purchaser.

And in Section 5.06, the County covenants to maintain system revenues to ensure that net system revenues are sufficient to result in at least 110% annual debt service:

SECTION 5.06. Maintenance of System Revenues.

(a) The Purchaser will fix, charge and collect, or cause to be fixed, charged and collected, in each Fiscal Year, such rates and charges for the use of and for the service furnished by the System so that Pledged Net System Revenues are in an amount which will be sufficient to be at least equal to one hundred ten percent (110%) of annual Debt Service for such Fiscal Year.

It was stated during the teleconference, that the proposed Action would result in the ultimate loss of 91 properties of the 3,055 users reported by Zone J as of June 30, 2011; approximately 3.0% of the number of Zone J users. It was further stated that the Action would not occur at one time; but rather, that properties would be released over time in order to ensure the County's compliance with the Agreement.

Given these facts, I refer you to Section 6.02 of the Agreement.

SECTION 6.02. Disposition of Property.

The Purchaser will not authorize the disposition of real or personal property constituting more than ten percent (10%) of the value of the System unless the Purchaser first obtains a Report, and provides a copy to the CIEDB, of an Independent Consultant concluding that such disposition will not substantially adversely affect the security for the payment of the Installment Payments and Additional Payments. The Purchaser will not authorize the removal of real or personal property from the System that will result in a decrease in System Revenues of more than five percent (5%) without prior written approval of the CIEDB. The Purchaser shall not dispose of any portion of the Project while the Purchase Price is unpaid except for property that is not operating or is worn out and for the dedication of public streets and public and private utility easements.

This section contains two triggers:

1. The disposition of property constituting more than 10% of the value of the System, and
2. The removal of property resulting in a decrease in System Revenues of more than five percent (5%).

During the teleconference you stated that neither threshold will be exceeded. In the event that the disposition of real or personal property constitutes more than 10%, the IBank requests a copy of a Report as referenced in Section 6.02 above. In any event, the IBank requests written confirmation from the County that the requirements of Section 6.02 have been satisfied.

Lastly, the County stated during the teleconference, and had previously notified the IBank through a separate telephone conversation, that it is considering paying off its indebtedness under the Agreement prior to the Action. Please contact me if you decide to pursue a prepayment.

Please notify me if any of the above is contrary to what was stated during our teleconference.

Diane

Diane Cummings
ISRF Support Unit
Manager
I-BANK
Infrastructure State Revolving Fund Program

P.O. Box 2830
Sacramento, CA 95812-2830
980 9th Street, 9th Floor
Sacramento, CA 95814
916-324-4805
916-319-7608 fax
www.ibank.ca.gov

Please consider the environment before printing this email.

From: Rollings-McDonald, Kathleen [mailto:kmcdonald@lafco.sbcounty.gov]
Sent: Thursday, August 09, 2012 9:53 AM
To: Cummings, Diane
Cc: Backlund, Christina; Scott Priester - Director of Development Services (spriester@cityofhesperia.us); Rigney, Jeff
Subject: Letter Related Hesperia Water District
Importance: High

Good Morning Dianna,

This is a follow-up to our meeting on July 18 regarding LAFCO 3166 – Annexation to Hesperia Water District and Detachment from CSA 70 Zone J. At the time you indicated that you would forward a letter which identified that there was no concern related to the detachment as the number of connections would not meet the thresholds in the contract requiring your concurrence. In order to place this item on an agenda, I need to have the letter. Please let me know if you have any further questions.

Thank you,
Kathleen Rollings-McDonald
Executive Officer
San Bernardino LAFCO
215 North "D" Street, Suite 204
San Bernardino, CA 92415
(909) 383-9900

K

LOCAL AGENCY FORMATION COMMISSION

215 North "D" Street, Suite 204 • San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
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REBECCA LOWERY
Deputy Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

June 20, 2012

Mr. Scott Priester, Development Services Director
City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345

RE: LAFCO 3166 – Reorganization to include Annexations to the Hesperia Water District and Detachments from County Services Area 70 and its Zone J

Dear Mr. Priester:

Attached to this letter is information related to questions which arose during the Departmental Review Committee meeting for LAFCO 3166. The issues relate to the Zone J Infrastructure Bank Loan and the true boundaries and service delivery area for Zone J. LAFCO staff has reviewed information received from both the County Special Districts Department and the Hesperia Water District in developing the maps and information attached to this letter. Those materials are:

1. Map #1 -- shows the existing boundaries of CSA 70 Zone J as verified by a review of the Tax Rate Area (TRA) maps maintained by the State Board of Equalization. As can be seen, this map is different than the one submitted for LAFCO 3166 and LAFCO staff is proposing to modify the proposal to address this discrepancy. This was reviewed at the March 2011 DRC.

2. Map #2 shows the boundary of Zone J submitted to the California Infrastructure and Economic Development Bank (I-Bank) at the time of the Zone J loan execution. This includes the areas of the Catawba and Freeway Corridor annexations that placed the territory within the Hesperia Water District and remove the same from Zone J.

3. Map #3 shows the detachments from Zone J based on the I-Bank loan boundary and the expansions including the area along the southern border which should be included in the I-Bank loan boundary.

4. Maps #4A, 4B and 4C show the boundaries for the proposed annexations and detachments for LAFCO 3166.

5. Map #5 identifies the pumping lanes that have been referenced by the Special Districts Department as being required to be maintained for the delivery of water to the larger Zone J area.

6. Maps #6A, 6B, and 6C – show the parcels receiving service within the reorganization area and the entity which currently provides the service. These maps have been prepared and verified by LAFCO staff based upon information received from both County Special Districts Department and the Hesperia Water District.

7. Maps #7A, 7B, and 7C provide aerial maps with more detail on the water service providers within the reorganization area.

Please review this material and provide your comments to the LAFCO office by July 3, 2012. Once the responses are received, LAFCO staff will be calling a meeting of the affected parties – LAFCO, Hesperia Water District, County Special Districts Department and I-Bank – to discuss the further processing of LAFCO 3166, the impacts on the I-Bank loan from previous changes and LAFCO 3166, and additional changes needed to move forward. Please provide the LAFCO office with your availability for a meeting either: July 16 at 1:00 p.m. or July 18 at 1:00 p.m. in the LAFCO office.

Should you have any questions regarding any of the items listed above or the continued processing of this application, please do not hesitate to contact me at (909) 383-9900 or by e-mail at kmcdonald@lafco.sbcounty.gov.

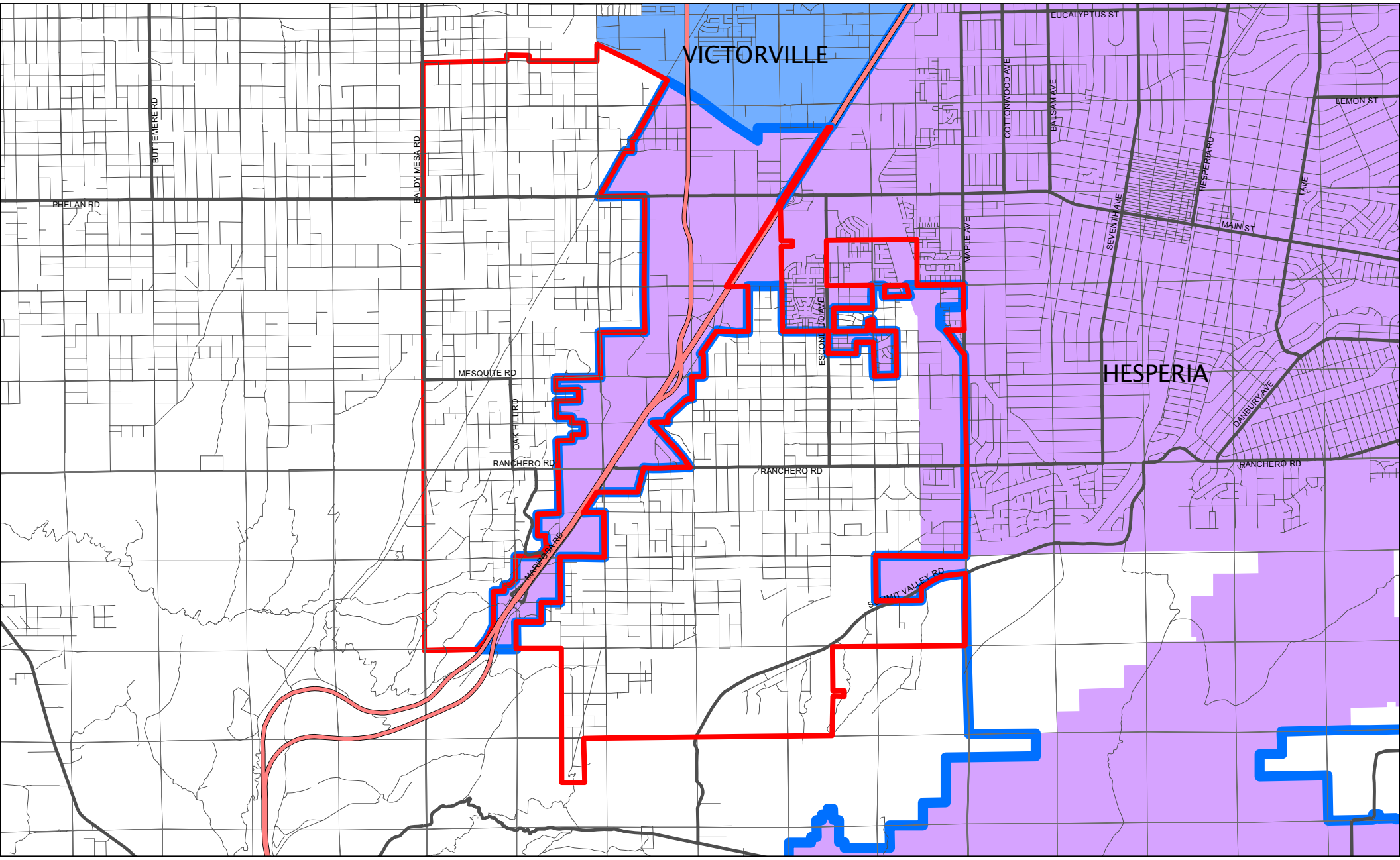
Sincerely,

KATHLEEN ROLLINGS-McDONALD
Executive Officer

KRM/

Attachments

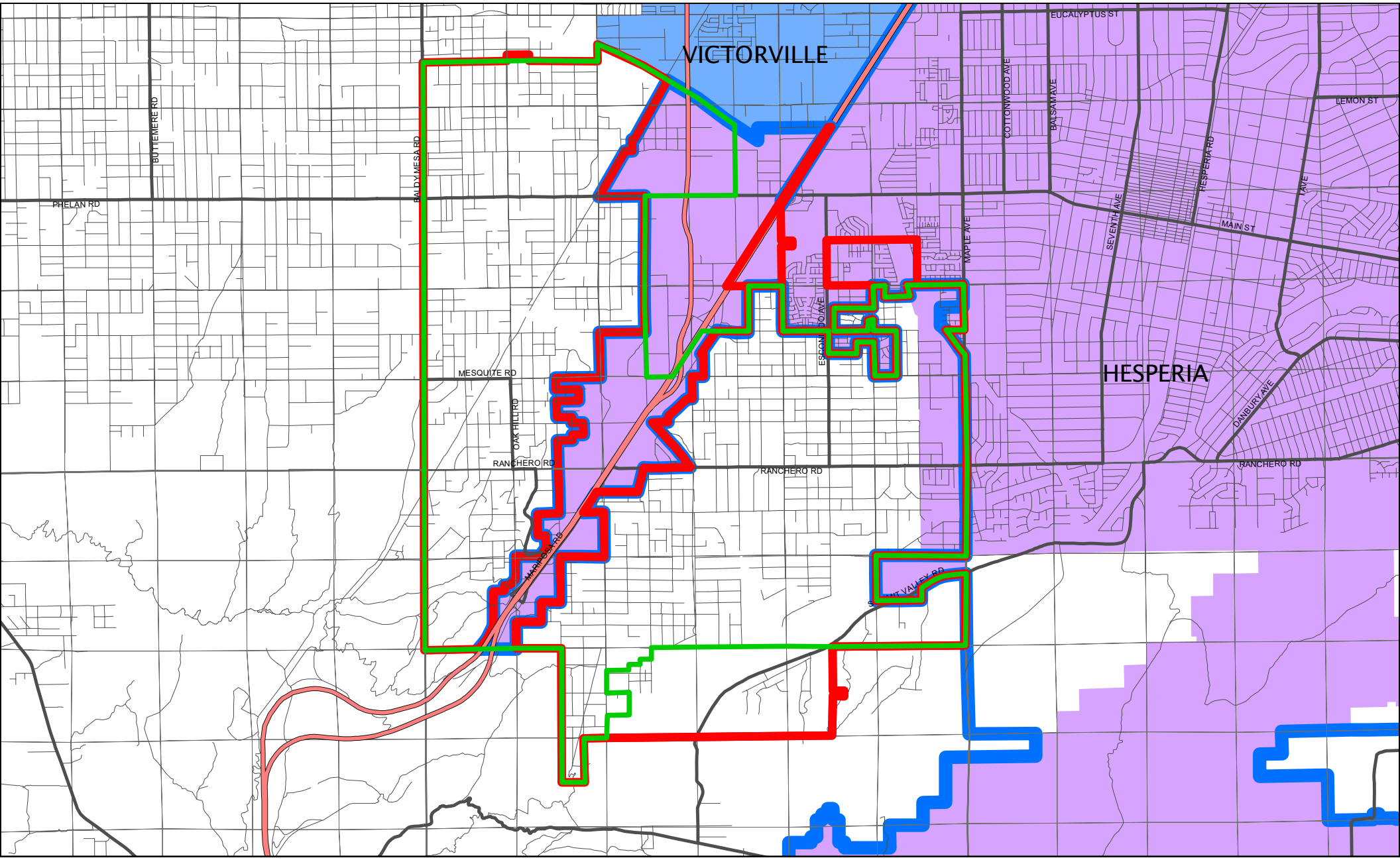
cc: Dave Reno, Principal Planner, City of Hesperia
Stan Liudahl, Senior Planner, City of Hesperia
Christina Backlund, I-Bank
Andrew Silva, Field Representative, First Supervisorial District
Jeff Rigney, Director, County Special Districts Department
Jim Oravets, Engineering Manager, County Special Districts Department
Jessica Brown, County Executive Office, San Bernardino County
John Richardson, County Executive Office, San Bernardino County



LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J

MAP 1 - VICINITY MAP

Hesperia Water District
CSA 70 Zone J
City of Hesperia
City of Victorville



LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 2)

CSA 70 Zone J Boundary Submitted to the California Infrastructure and Economic Development Bank (I-Bank) at the Time of Loan Execution

Hesperia Water District

CSA 70 Zone J

City of Hesperia

City of Victorville

INTEROFFICE MEMO

DATE June 30, 2011

PHONE (909) 387-5940

MAIL CODE 0450

FROM **James A. Oravets, Division Manager**
Special Districts Department

TO **Kathleen Rollings-McDonald**
Executive Officer
Local Agency Formation Commission

SUBJECT: **LAFCO – 3166 – Reorganization to include annexation to HWD and detachment from CSA 70 and CSA 70 J**
District Response

The following comments are responses to LAFCO's memorandum dated March 24, 2011:

1. Issues related to the California Infrastructure and Economic Development Bank (I-Bank):

   - Attached is a copy of the County Service Area 70, Zone J (District) map that was submitted to the I-Bank and includes the boundary and existing water facilities in place at the time of loan execution,

   - The County approved execution of the I-Bank loan on November 25, 2003. At the time of the loan execution the District maintained the following connections:

o Active Connections	2,467
o Inactive Connections	96
o Total Connections	2,563

     (Note: The State Department of Health Services includes inactive connections in their service count)

   - The District currently maintains the following connections:

o Active Connections	3,061
o Inactive Connections	115
o Total Connections	3,176

2. District connections within the red hi-lited areas on the LAFCO 3166 amended map:

   - District staff has confirmed that there are **no** District service connections within the red hi-lited areas on the above-mentioned map.

3. Waterlines in the reorganization area that are utilized as "pumping lanes":

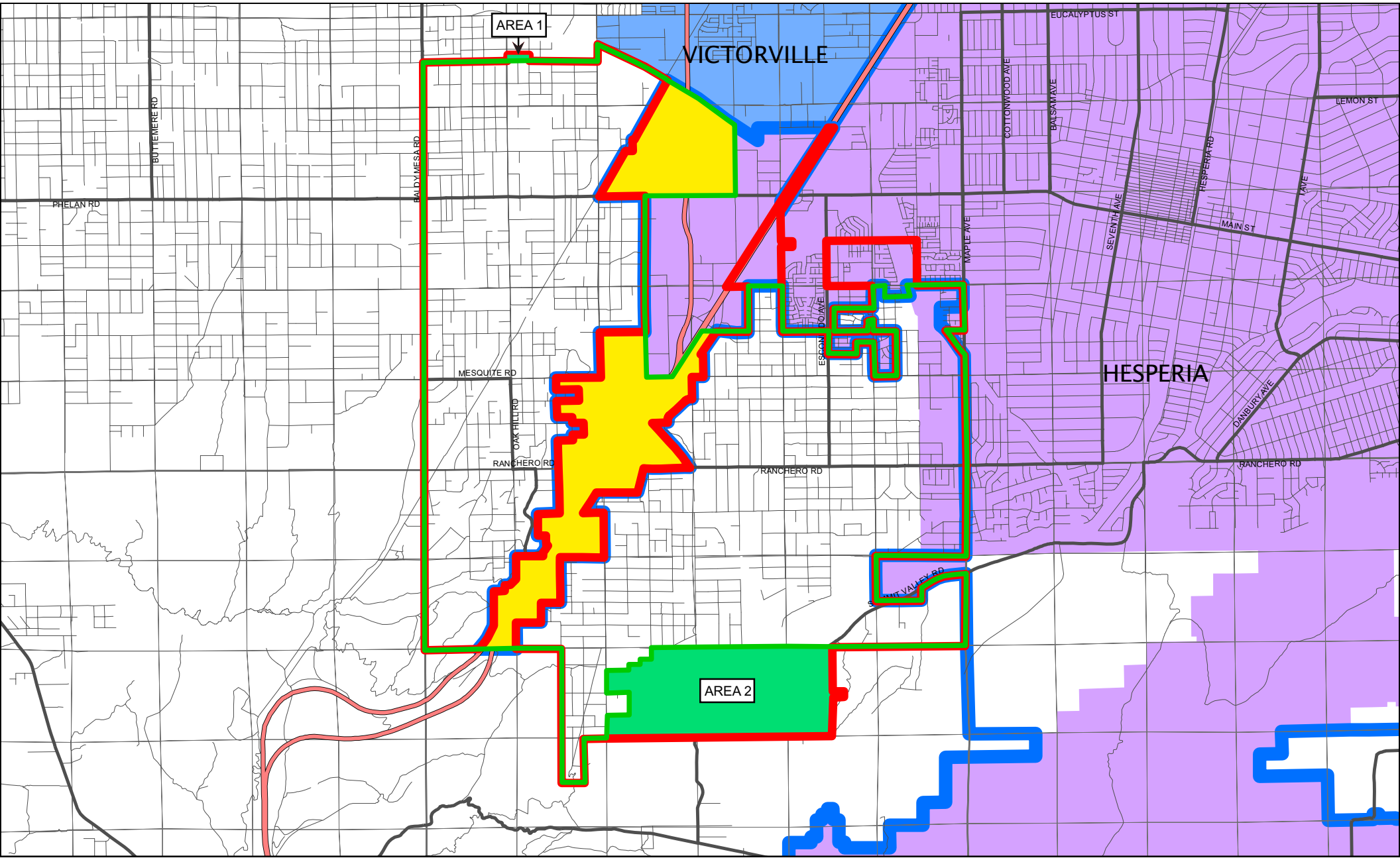
    - Attached is a copy of the current District map hi-lited to indicate the District pipelines within the reorganization area that must remain with the District. In addition to those pipelines designated as "pumping lanes," there are pipelines that must remain with the District in order for the District to continue service to District customers not located within the reorganization area. There are no other existing pipelines in the District that can convey water to these customers.

4. Does the District receive any portion of the ad valorem property tax under the general tax levy:

    - District fiscal staff has confirmed that the District does **not** receive any portion of ad valorem property tax.

We trust that this memorandum addresses all LAFCO inquiries in the March 24, 2011 memorandum. Should you require any additional information, please call or email me at the office.

cc: Jeffrey O. Rigney, Director
Lora Emon, Executive Assistant
Pam Vandervoort, LAFCO Coordinator.



LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 3)

- Areas to be Removed from I-Bank Boundary of CSA 70 Zone J (Freeway Corridor & Catawba Annexations)
- Areas to be Added to I-Bank Boundary of CSA 70 Zone J
  TRAs 101060 (**AREA 1**), 79086, 79091, & 79093 (**AREA 2**)
- Hesperia Water District
- CSA 70 Zone J
- City of Hesperia
- City of Victorville

INTEROFFICE MEMO

DATE **July 25, 2011** **PHONE** (909) 387-5942

FROM **Jim Oravets**
Division Manager, Engineering, Construction & Operations

TO **Kathleen Rollings-McDonald**
Executive Officer
Local Agency Formation Commission

SUBJECT: **LAFCO – 3166 – Reorganization to include annexation to HWD and detachment from CSA 70 and CSA 70 J**
District Response

The following comments are responses to additional LAFCO inquiries at our meeting of June 30, 2011 and LAFCO's email request of July 13, 2011:

1. Number of accounts within recent annexation areas as noted below:
   - Freeway Corridor – 50 accounts
   - Catawba – 22 accounts Note, the Willow Oaks Estates mobile home park was billed as a single account (6-inch water meter) with over 200 equivalent dwelling units
   - Maple / Topaz – 91 accounts

2. Accounts in annexation areas still being served by Zone J:
   - Freeway Corridor – 50 accounts
   - Catawba – 0 accounts
   - Maple / Topaz – 91 accounts

3. Attached is a map that accurately reflects the Zone J boundary according to District records.

4. Attached is a map identifying waterlines that are required to remain with Zone J to maintain pump lanes and service to customers within the District. The following is a written description of those lines, per your request:

   a. Approximately 2,640 linear feet of 6-inch and 8-inch diameter lines in Topaz Avenue between Mesquite Street and Cedar Street,
   b. Approximately 660 linear feet of 12-inch diameter line in Mission Street from Wells 3 and 4 continuing west,
   c. Approximately 5,280 linear feet of 8-inch and 12-inch diameter lines connecting Wells 3 and 4 with Wells 1 and 2, between Mission Street and Ranchero Street,
   d. Approximately 1,320 linear feet of 12-inch diameter line from Wells 1 and 2 west in Rodeo Road,
   e. Approximately 1,980 linear feet of 8-inch diameter line in Ranchero Road from Wells 1 and 2 west to Topaz Avenue, and

f. Approximately 2,640 linear feet of 8-inch diameter line in Topaz Avenue between Ranchero Road and Farmington Street.

Martinez, Samuel

From: Oravets, Jim
Sent: Monday, July 25, 2011 10:40 AM
To: Rollings-McDonald, Kathleen; Emon, Lora
Cc: Rigney, Jeff; Vandervoort, Pam; Martinez, Samuel; Tuerpe, Michael; Richardson, John; Booker, Randy
Subject: RE: CSA 70 Zone J Connection response
Attachments: LAFCO 3166_additional info.pdf; LAFCO 3166_SDD_response 6 30 11.pdf; CSA 70 J VARIOUS TRAS JULY 2011.xlsx; CSA 70 J Water Map.pdf

Good Morning Kathy,

Attached is our response to the items below. A hard copy has been sent via inter-office mail. If you need further information, just let me know.

I have also attached a listing of those parcels in Zone J that Zone J collects ad valorem taxes on. I don't know the history of why these parcels, however, the total amount (note most parcels are vacant) collected varies but averages to about $500/year.

Regards,

Jim

From: Rollings-McDonald, Kathleen
Sent: Wednesday, July 13, 2011 1:31 PM
To: Oravets, Jim
Cc: Rigney, Jeff; Vandervoort, Pam; Martinez, Samuel; Tuerpe, Michael; Richardson, John
Subject: CSA 70 Zone J Connection response

Afternoon Jim,

I wanted to outline my understanding of our discussion of the submission of materials related to Zone J we had on June 30th in my office.

1. Under bullet 2 under item 1, this information needs to address the number of connections within LAFCO 3166 to be detached, within the Hesperia Freeway corridor and the Catawaba annexation areas so that the percentage change can be calculated.
2. Under bullet 3 under Item 1, the same information as number 1 needs to be provided.
3. We will need to verify the map for the water district/Zone J near SP2 to be sure of an accurate delineation. The county maps at ROV are wrong and the ones we used in our service review appear to be in error as well.
4. On the waterline maps provided, please identify the "pump lanes" that are needed to be maintained in the area. A written description of these lines will be needed as a part of future discussions.

If this outline is not what you recall from our conversation in the office, please let me know as soon as possible.

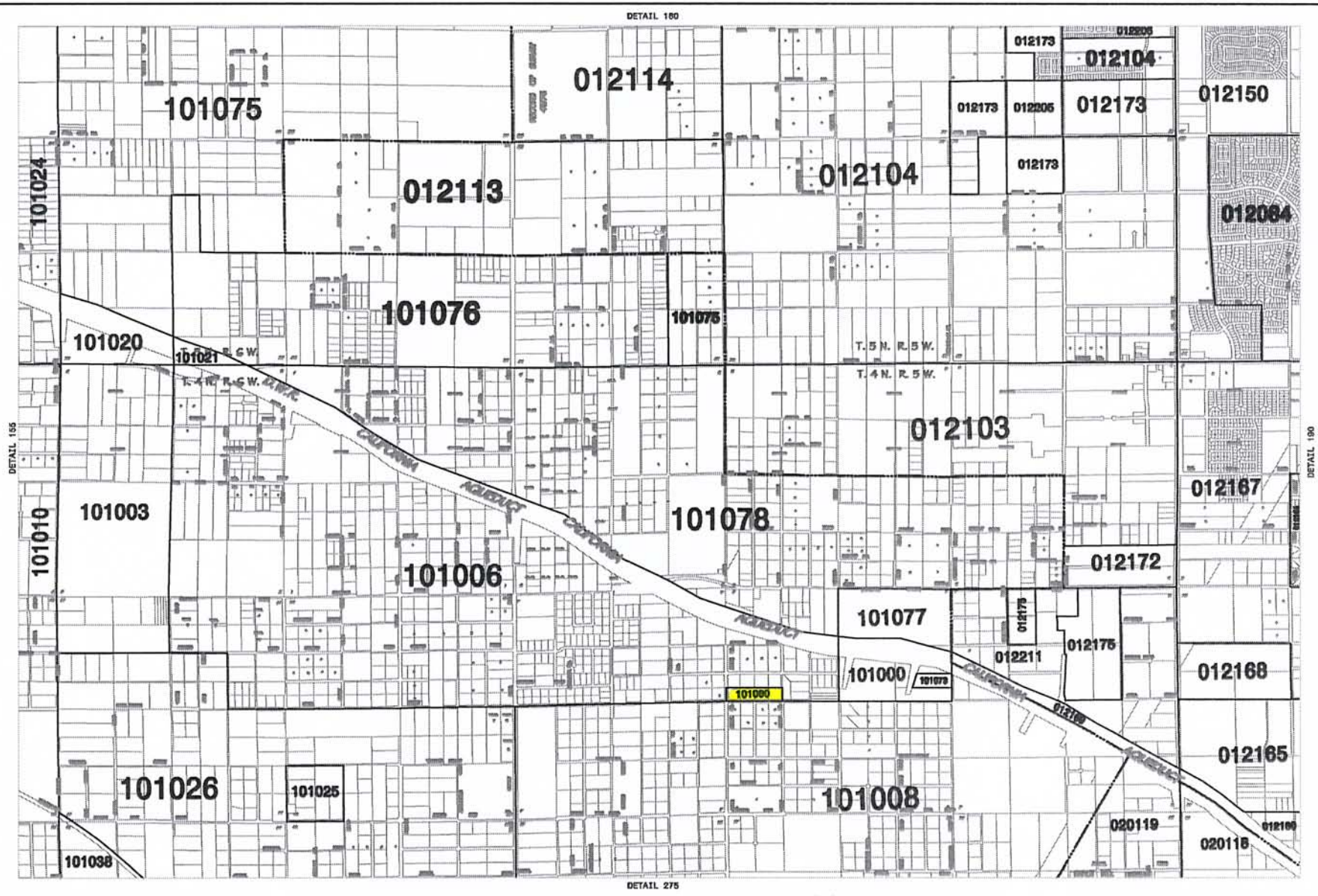
Thanks -- Kathy

KATHLEEN ROLLINGS-McDONALD
LAFCO Executive Officer
(909) 383-9900
(909) 383-9901 (fax)

PARCEL NUMBER	PROPERTY OWNER	Mailing	Address	Situs	Land Use	Acreage	Land Value	Imp	Exempt	Total Tax Value	TRA
0357 082 01 0000	Grand Canal LLC	30011 Ivy Glenn Dr #113	Laguna Niguel Ca 92677	*no Site Address*	VAC,VACANT	20	$324,000	$0	$0	$324,000	79086
0357 082 02 0000	Grand Canal LLC	30011 Ivy Glenn Dr #113	Laguna Niguel Ca 92677	*no Site Address*	VAC,VACANT	10	$180,000	$0	$0	$180,000	79086
0357 082 08 0000	Grand Canal LLC	30011 Ivy Glenn Dr #113	Laguna Niguel Ca 92677	*no Site Address*	VAC,VACANT	5	$94,500	$0	$0	$94,500	79086
0357 082 09 0000	Charles A & Alice P Simon	1232 W 160th St	Gardena Ca 90247	*no Site Address*	VAC,VACANT	5	$3,777	$0	$0	$3,777	79093
0357 082 10 0000	Grand Canal LLC	30011 Ivy Glenn Dr #113	Laguna Niguel Ca 92677	*no Site Address*	VAC,VACANT	20	$324,000	$0	$0	$324,000	79086
0357 082 11 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 13 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 15 0000	Fore Better Grp Inc	9342 Gilbert St	Anaheim Ca 92804	*no Site Address*	VAC,VACANT	232.04	$101,497	$0	$0	$101,497	79093
0357 082 16 0000	Gerardo Acosta	12862 Wright Ave	Chino Ca 91710	*no Site Address*	VAC,VACANT	5	$96,341	$0	$0	$96,341	79093
0357 082 17 0000	Rafael Faburrieta	16148 Tullock St	Fontana Ca 92335	*no Site Address*	VAC,VACANT	5	$65,639	$0	$0	$65,639	79093
0357 082 18 0000	John P Stonerod	Po Box 1825	Roseburg Or 97470	*no Site Address*	VAC,VACANT	5	$17,052	$0	$0	$17,052	79093
0357 082 19 0000	Bruce L Powers	629 Sun Rose Ave	Bakersfield Ca 93308	*no Site Address*	VAC,VACANT	5	$40,377	$0	$0	$40,377	79093
0357 082 20 0000	Jae Hui Lee	13209 Silver Oak St	Hesperia Ca 92344	*no Site Address*	VAC,VACANT	5	$12,343	$0	$0	$12,343	79093
0357 082 21 0000	Jae H Lee	9965 Baker Rd	Lucerne Valley Ca 92356	*no Site Address*	VAC,VACANT	5	$12,343	$0	$0	$12,343	79093
0357 082 22 0000	Jae Hui Lee	13209 Silver Oak St	Hesperia Ca 92344	*no Site Address*	VAC,VACANT	10	$24,684	$0	$0	$24,684	79093
0357 082 24 0000	Land Government			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 29 0000	Fore Better Grp Inc	9342 Gilbert St	Anaheim Ca 92804	*no Site Address*	VAC,VACANT	39	$17,059	$0	$0	$17,059	79093
0357 082 31 0000	Southern Pacific Transportation Co			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 32 0000	Southern Pacific Transportation Co			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 33 0000	Southern Pacific Transportation Co			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 35 0000	First Regional Bank (Fbo-Craig L Dixon	5950 La Place Ct #3160	Carlsbad Ca 92008	*no Site Address*	VAC,VACANT	28.75	$31,416	$0	$0	$31,416	79093
0357 082 36 0000	First Regional Bank (Fbo-Craig L Dixon	5950 La Place Ct #3160	Carlsbad Ca 92008	*no Site Address*	VAC,VACANT	2.79	$3,142	$0	$0	$3,142	79093
0357 082 38 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 42 0000	Nidia Crisol Estrella	15845 Nisqualli Rd	Victorville Ca 92395	*no Site Address*	VAC,VACANT	9.08	$34,068	$0	$0	$34,068	79093
0357 082 46 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 47 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 49 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 56 0000	John M Achramowicz	1685 N Mountain Ave #c	Upland Ca 91784	*no Site Address*	VAC,VACANT	3.03	$45,044	$0	$0	$45,044	79093
0357 082 58 0000	Jeffrey A Cox	10030 Nielson Rd	Oak Hills Ca 92344	*no Site Address*	VAC,VACANT	2.27	$17,896	$0	$0	$17,896	79093
0357 082 59 0000	Michael Lee Harris	Po Box 981	Adelanto Ca 92301	*no Site Address*	VAC,VACANT	1.94	$17,896	$0	$0	$17,896	79093
0357 082 60 0000	Bibiana Gonzalez	9250 Olive St	Fontana Ca 92335	5473 El Cajoncito	MHM,18551 MANUF HM PERMFOUND	2.27	$22,440	$27,286	$0	$49,726	79093
0357 082 61 0000	Calderon Dated 7-29-99	734 Long Beach Dr	Colton Ca 92324	*no Site Address*	VAC,VACANT	1.92	$17,896	$0	$0	$17,896	79093
0357 082 62 0000	Michael E Klein	586 Acoma Blvd N	Lake Havasu City Az 86403	*no Site Address*	VAC,VACANT	3.07	$23,144	$0	$0	$23,144	79093
0357 082 63 0000	Carol M Osterman			*no Site Address*	VAC,VACANT	3.07	$19,305	$0	$0	$19,305	79093
0357 082 64 0000	Jackie DeVillier	Po Box 2175	Apple Valley Ca 92307	*no Site Address*	VAC,VACANT	2.22	$14,828	$0	$0	$14,828	79093
0357 082 66 0000	Matthys 2009 5 & 6 & 09	1306 Garden St	Redlands Ca 92373	*no Site Address*	VAC,VACANT	3.08	$23,596	$0	$0	$23,596	79093
0357 082 68 0000	James& Barbara Glass	5373 Fremontia Rd	Oak Hills Ca 92344	5373 Fremontia Rd #120	RES,MH,FEE LAND (NOT IN MH SUB)	2	$11,907	$45,248	$7,000	$50,155	79093
0357 082 70 0000	Jesus & AidaFajardo	5333 Cactus Rd	Oak Hills Ca 92344	5333 Cactus Rd	RES,MH,FEE LAND (NOT IN MH SUB)	2.5	$24,739	$55,667	$7,000	$73,406	79093
0357 082 71 0000	Ken Salmon	1923 N Marion Dr	Flagstaff Az 86001	*no Site Address*	VAC,VACANT	2.13	$10,094	$0	$0	$10,094	79093
0357 082 72 0000	Maynard L & Lilia M Castillo	19165 Saguaro Way	Apple Valley Ca 92308	11556 Sefton Rd	VAC,VACANT	2.74	$25,334	$0	$0	$25,334	79093
0357 082 73 0000	Dodson Mark D Trust	4145 W 163rd St	Lawndale Ca 90260	*no Site Address*	VAC,VACANT	1.69	$8,002	$0	$0	$8,002	79093
0357 082 74 0000	County Service Area 70-J	825 E 3rd St	San Bernardino Ca 92415	5528 Coriander Dr	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 082 75 0000	Koik Sub-Trust A	20462 Vose St	Winnetka Ca 91306	*no Site Address*	VAC,VACANT	0	$2,748	$0	$0	$2,748	79093
0357 311 01 0000	Raymond Harrison	Po Box 2749	Camp Verde Az 86322	*no Site Address*	VAC,VACANT	5	$7,870	$0	$0	$7,870	79093
0357 311 02 0000	Louis F & Amy M Hernandez	9257 Monte Vista St	Alta Loma Ca 91701	*no Site Address*	VAC,VACANT	5	$48,594	$0	$0	$48,594	79093
0357 311 03 0000	Paul Ferro	28699 Hilltop Dr	Highland Ca 92346	*no Site Address*	VAC,VACANT	10	$13,291	$0	$0	$13,291	79093
0357 311 05 0000	Sook J Kim	14322 Main St	Hesperia Ca 92345	*no Site Address*	VAC,VACANT	3.33	$73,050	$0	$0	$73,050	79093
0357 311 06 0000	Glenk & Lee Trust	Po Box 2105	Apple Valley Ca 92307	*no Site Address*	VAC,VACANT	1.66	$14,865	$0	$0	$14,865	79093
0357 311 07 0000	Juan Jose Gutierrez	129 E Avocado Crest Rd	La Habra Heights Ca 90631	*no Site Address*	VAC,VACANT	5	$31,500	$0	$0	$31,500	79093
0357 311 08 0000	Pmd Investments II LP	25792 Obrero Dr	Mission Viejo Ca 92691	*no Site Address*	VAC,VACANT	8.54	$58,345	$0	$0	$58,345	79093
0357 311 12 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 19 0000	Southern California Edison Company			*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 20 0000	Miriam G Heimlich Trust	2545 SW Terwillinger Blvd #506	Portland Or 97201	*no Site Address*	VAC,VACANT	5	$1,684	$0	$0	$1,684	79093
0357 311 21 0000	John Lytle			*no Site Address*	VAC,VACANT	5	$4,627	$0	$0	$4,627	79093

PARCEL NUMBER	PROPERTY OWNER	Mailing Address	Situs	Land Use	Acreage	Land Value	Imp	Exempt	Total Tax Value	TRA
0357 311 22 0000	Andy I & Maria K Ulrich	19860 Calle Cadiz Walnut Ca 91789	*no Site Address*	VAC,VACANT	5	$37,054	$0	$0	$37,054	79093
0357 311 23 0000	David A & Kathy A Vancil	4680 W Phillips St Ontario Ca 91762	*no Site Address*	VAC,VACANT	5	$37,054	$0	$0	$37,054	79093
0357 311 24 0000	Jerry & Rosalie Wong	7425 Stonecreek Ln Anaheim Ca 92807	Las Flores	AGR,GRAZING	6.8	$8,255	$0	$0	$8,255	79091
0357 311 25 0000	Clifford L Hamilton Jr.	828 Mulberry Ave Brea Ca 92821	*no Site Address*	VAC,VACANT	7.4	$3,932	$0	$0	$3,932	79093
0357 311 26 0000	Antonio D & Bertha Cruz	8738 3rd Ave Hesperia Ca 92345	*no Site Address*	VAC,VACANT	9.7	$49,134	$0	$0	$49,134	79093
0357 311 27 0000	Virgilio R & L G Chacon Trust	303 E Javelin St Carson Ca 90745	*no Site Address*	VAC,VACANT	5	$5,934	$0	$0	$5,934	79093
0357 311 28 0000	Santiago & Martha Tiscareno	18442 Danbury Ave Hesperia Ca 92345	*no Site Address*	VAC,VACANT	3.32	$13,500	$0	$0	$13,500	79093
0357 311 29 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 30 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 33 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 34 0000	Southern California Edison Company		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 35 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 36 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 39 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 41 0000	Southern California Edison Company		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 44 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 45 0000	Southern California Edison Company		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 46 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 47 0000	Southern California Edison Company		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 48 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 50 0000	Charles A & Alice P Simon	1232 W 160th St Gardena Ca 90247	*no Site Address*	VAC,VACANT	8.47	$10,996	$0	$0	$10,996	79093
0357 311 52 0000	Jose E G Guerrero	8414 Vanport Ave Whittier Ca 90606	5575 Lassen Rd	VAC,VACANT	1.74	$55,052	$0	$0	$55,052	79093
0357 311 53 0000	Southern California Edison Company	2244 Walnut Grove Ave Rosemead Ca 91770	*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 55 0000	Southern California Edison Company		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 57 0000	Southern California Edison Company	Po Box 327 Chula Vista Ca 91912	*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 59 0000	Brian & Misti Norby	13312 Ranchero Rd #18pmb1 Oak Hills Ca 92344	12455 Desford Rd	RES,SINGLE FAMILY RESIDENCE	3.02	$55,000	$225,000	$7,000	$273,000	79093
0357 311 60 0000	Southern California Edison Company		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 64 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 66 0000	Southern Pacific Transportation Co		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 67 0000	Southern California Edison Company		*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0357 311 70 0000	Southern California Edison Co	2244 Walnut Grove Ave Rosemead Ca 91770	*no Site Address*	VAC,VACANT	0	$0	$0	$0	$0	79093
0405 182 12 0000	Summit Valley Ranch	13689 State Highway 138 Hesperia Ca 92345	13275 Desford Rd	AGR,GRAZING	152.23	$34,754	$0	$0	$34,754	79091
0405 182 14 0000	Ronald D Weber	16670 Yucca St Hesperia Ca 92345	*no Site Address*	VAC,VACANT	10	$94,015	$0	$0	$94,015	79091
0405 182 15 0000	Ziemer Trust	15610 Cheyenne St Hesperia Ca 92345	5428 Foley Rd	VAC,WATER WELL SITE	10	$50,491	$22,569	$0	$73,060	79091
0405 182 16 0000	Richard A & Ruth C Eminhizer	Po Box 403441 Hesperia Ca 92340	*no Site Address*	VAC,VACANT	2.5	$18,515	$0	$0	$18,515	79091
0405 182 17 0000	Richard A & Ruth C Eminhizer	Po Box 403441 Hesperia Ca 92340	5380 Cataba Rd	RES,SINGLE FAMILY RESIDENCE	5	$18,515	$131,692	$7,000	$143,207	79091
0405 182 18 0000	Richard A & Ruth C Eminhizer	Po Box 403441 Hesperia Ca 92340	5384 Foley Rd	MHM,18551 MANUF HM PERMFOUND	2.23	$18,000	$65,000	$0	$83,000	79091
0405 182 19 0000	Richard A Eminhizer Sr.	Po Box 403441 Hesperia Ca 92340	*no Site Address*	VAC,VACANT	10	$87,225	$0	$0	$87,225	79091
0405 182 24 0000	Summit Valley Ranch	13689 State Highway 138 Hesperia Ca 92345	Las Flores	AGR,GRAZING	227	$50,701	$0	$0	$50,701	79091
0405 182 25 0000	Robert N Constant	28871 Blythewood Dr Rancho Palos Verdes Ca 90275	*no Site Address*	VAC,VACANT	10	$7,556	$0	$0	$7,556	79091
0405 182 26 0000	William F Holt et al	Po Box 70 Norco Ca 92860	13037 Sesame Rd	VAC,WATER WELL SITE	10	$85,519	$7,128	$0	$92,647	79091
0405 182 27 0000	Jose Salazar	11784 Lucena Ave Fontana Ca 92337	5176 Hawkridge Rd	VAC,VACANT	5	$29,172	$0	$0	$29,172	79091
0405 182 28 0000	Linda M Gonzales	5150 Cataba Rd Hesperia Ca 92345	5150 Cataba Rd	*UNKNOWN USE CODE*	5	$18,217	$2,429	$0	$20,646	79091
0405 182 29 0000	Byrne Family Trust	3477 Autumn Ave Chino Hills Ca 91709	5148 Hawk Ridge Rd	VAC,WATER WELL SITE	5	$85,914	$16,522	$0	$102,436	79091
0405 182 30 0000	Raymundo & Noemi Sanchez	5150 Cataba Rd Hesperia Ca 92345	5150 Foley Rd	RES,SINGLE FAMILY RESIDENCE	5	$41,500	$44,000	$7,000	$78,500	79091
0405 182 31 0000	Fischer Trust	1372 W 26th St San Bernardino Ca 92405	5051 Hawkridge Rd	RES,REC CABIN,NON-PERM,DES/MTN	20	$24,801	$24,001	$0	$48,802	79091
0405 182 32 0000	Fischer Trust	1372 W 26th St San Bernardino Ca 92405	*no Site Address*	VAC,VACANT	10	$20,671	$0	$0	$20,671	79091
0405 182 33 0000	Fischer Trust	4927 Hawk Ridge Rd Hesperia Ca 92345	4927 Hawk Ridge Rd	RES,MISC STRUCTURE	10	$17,860	$42,347	$7,000	$53,207	79091
0405 182 58 0000	Summit Valley Ranch	13689 State Highway 138 Hesperia Ca 92345	Las Flores	AGR,GRAZING	35.86	$4,985	$0	$0	$4,985	79093
0405 182 62 0000	Barbara J Cullingford	28340 Live Oak Canyon Rd Redlands Ca 92373	5520 Foley Rd	VAC,WATER WELL SITE	22.58	$151,766	$33,576	$0	$185,342	79091
0405 182 63 0000	Hyong Kim	12821 Red River Rd Victorville Ca 92392	*no Site Address*	VAC,VACANT	10.76	$85,630	$0	$0	$85,630	79093
0405 182 64 0000	California Asset Portfolio Inc	Po Box 71765 Los Angeles Ca 90071	*no Site Address*	VAC,VACANT	2.35	$9,716	$0	$0	$9,716	79093
0405 182 68 0000	Sophia Vagenas	425 N Michillinda Ave Pasadena Ca 91107	*no Site Address*	VAC,VACANT	22.2	$45,474	$0	$0	$45,474	79093
0405 681 01 0000	Richard M Powell	Po Box 919 Cedar Glen Ca 92321	Silverwood St	VAC,VACANT	1.25	$20,761	$0	$0	$20,761	79091

PARCEL NUMBER	PROPERTY OWNER	Mailing Address		Situs	Land Use	Acreage	Land Value	Imp	Exempt	Total Tax Value	TRA
0405 681 02 0000	Mary A Jaggli	12556 Silverwood St	Hesperia Ca 92345	12556 Silverwood St	RES,SINGLE FAMILY RESIDENCE	2.2	$25,600	$107,300	$7,000	$125,900	79091
0405 681 03 0000	David & Donna Leber Trust	22434 Waters Dr	Crestline Ca 92325	12578 Silverwood St	VAC,VACANT	1.79	$59,000	$0	$0	$59,000	79091
0405 681 04 0000	Daniel J & Darlene R Longacre	30131 Town Center Dr	Laguna Niguel Ca 92677	12592 Silverwood St	RES,SINGLE FAMILY RESIDENCE	1.82	$33,200	$268,100	$7,000	$294,300	79091
0405 681 05 0000	David L Smith	Po Box 515	Meadview Az 86444	12624 Silverwood St	VAC,VACANT	1.78	$39,254	$0	$0	$39,254	79091
0405 681 06 0000	James W Eshaya	4831 Biloxi Ave	North Hollywood Ca 91601	*no Site Address*	VAC,VACANT	1.59	$71,266	$0	$0	$71,266	79091
0405 681 07 0000	Tadashi Ishikawa	327 Fargo Rd	San Dimas Ca 91773	*no Site Address*	VAC,VACANT	1.16	$21,808	$0	$0	$21,808	79091
0405 681 08 0000	Tadashi Ishikawa	327 Fargo Rd	San Dimas Ca 91773	12698 Silverwood St	VAC,VACANT	1.4	$21,808	$0	$0	$21,808	79091
0405 681 09 0000	Tadashi Ishikawa	327 Fargo Rd	San Dimas Ca 91773	12724 Silverwood St	VAC,VACANT	1.43	$21,808	$0	$0	$21,808	79091
0405 681 10 0000	Tadashi Ishikawa	327 Fargo Rd	San Dimas Ca 91773	*no Site Address*	VAC,VACANT	1.66	$21,808	$0	$0	$21,808	79091
0405 681 11 0000	Donna E Leber	Po Box 456	Crestline Ca 92325	*no Site Address*	VAC,VACANT	1.59	$20,200	$0	$0	$20,200	79091
0405 681 12 0000	Leber David & Donna Trust	Po Box 456	Crestline Ca 92325	Silverwood St	VAC,VACANT	0.97	$32,500	$0	$0	$32,500	79091
0405 681 13 0000	Jeffrey N & Connie R Hortick	5386 Bass St	Hesperia Ca 92345	5386 Bass St	RES,SINGLE FAMILY RESIDENCE	2.02	$29,928	$101,384	$7,000	$124,312	79091
0405 681 14 0000	Robert J & Julie Oaks	Po Box 57	Lake Arrowhead Ca 92352	*no Site Address*	VAC,VACANT	2.23	$27,468	$0	$0	$27,468	79091
0405 681 15 0000	Gloria Jean & Donald K Thompson	Po Box 402397	Hesperia Ca 92340	12867 Catfish Rd	RES,SINGLE FAMILY RESIDENCE	1.39	$20,800	$209,200	$7,000	$223,000	79091
0405 681 16 0000	Raymon M & Gloria J Demmer	17524 Bangor Ave	Hesperia Ca 92345	*no Site Address*	VAC,VACANT	1.74	$22,600	$0	$0	$22,600	79091
0405 681 17 0000	Chea Choul Yu	12823 Catfish Rd	Hesperia Ca 92345	12823 Catfish Rd	RES,SINGLE FAMILY RESIDENCE	2.01	$32,388	$158,125	$7,000	$183,513	79091
0405 681 18 0000	Donald M & Karen A Garrett Trustees	6065 Robin Rd	San Bernardino Ca 92407	*no Site Address*	VAC,VACANT	2.4	$43,839	$0	$0	$43,839	79091
0405 681 19 0000	Gary Guernsey	16355 Mission St	Hesperia Ca 92345	5364 Bass St	VAC,VACANT	2.18	$134,931	$0	$0	$134,931	79091
0405 681 20 0000	Alexander F Taylor	1077-3 San Antonio Dr	Colton Ca 92324	1077 Santo Antonio Dr #3	VAC,VACANT	2.19	$43,612	$0	$0	$43,612	79091
0405 681 21 0000	Siegert Family Trust	Po Box 402331	Hesperia Ca 92340	12836 Catfish Rd	RES,SINGLE FAMILY RESIDENCE	2.04	$10,930	$97,145	$7,000	$101,075	79091
0405 681 22 0000	Holly & James Scroggins	5343 Bass St	Hesperia Ca 92345	5343 Bass St	RES,SINGLE FAMILY RESIDENCE	2.25	$46,000	$184,000	$0	$230,000	79091
0405 681 23 0000	Ignacio & Sandra Ramirez	11867 Butterfield Ave	Chino Ca 91710	*no Site Address*	VAC,VACANT	2.04	$23,562	$0	$0	$23,562	79091
0405 681 24 0000	Damon Brian Cinque	9804 Mango Ln	Fontana Ca 92335	*no Site Address*	VAC,VACANT	1.84	$108,983	$0	$0	$108,983	79091
0405 681 25 0000	Liang Trust	1208 Lockhaven Way	San Jose Ca 95129	*no Site Address*	VAC,VACANT	1.63	$54,498	$0	$0	$54,498	79091
0405 681 26 0000	Putnam T & C Trust	9601 Carrari Ct	Alta Loma Ca 91737	14297 Amargosa Rd	VAC,VACANT	1.61	$56,591	$0	$0	$56,591	79091
0405 681 27 0000	Liang Trust	1208 Lockhaven Way	San Jose Ca 95129	*no Site Address*	VAC,VACANT	1.95	$27,435	$0	$0	$27,435	79091
0405 691 01 0000	Martin & Judy Sanchez	Po Box 402143	Hesperia Ca 92340	5247 Bass St	RES,SINGLE FAMILY RESIDENCE	1.77	$20,800	$116,200	$7,000	$130,000	79091
0405 691 02 0000	Scott Brian & Joanne Trust			5219 Bass St	RES,SINGLE FAMILY RESIDENCE	1.67	$20,800	$222,400	$0	$243,200	79091
0405 691 03 0000	Leber David & Donna Trust	Po Box 456	Crestline Ca 92325	*no Site Address*	VAC,VACANT	1.75	$129,692	$0	$0	$129,692	79091
0405 691 04 0000	John B & Nancee K Van Ness	Po Box 2116	Crestline Ca 92325	5127 Bass St	RES,SINGLE FAMILY RESIDENCE	1.68	$17,953	$129,233	$7,000	$140,186	79091
0405 691 05 0000	Edward Quarshie	950 Wedgewood Ct	Rialto Ca 92376	*no Site Address*	VAC,VACANT	2.5	$27,537	$0	$0	$27,537	79091
0405 691 06 0000	Edward A Quarshie	950 Wedgewood Ct	Rialto Ca 92376	*no Site Address*	VAC,VACANT	2.33	$27,537	$0	$0	$27,537	79091
0405 691 07 0000	Chun C Lin	1336 S Fern Ave	Ontario Ca 91762	*no Site Address*	VAC,VACANT	2.34	$32,622	$0	$0	$32,622	79091
0405 691 08 0000	Miguel Llamas-Licea	15721 Nadia St	Moreno Valley Ca 92551	5246 Bass St	RES,MH,FEE LAND (NOT IN MH SUB)	2.12	$41,515	$40,166	$0	$81,681	79091
0405 691 09 0000	Liang Trust	1208 Lockhaven Way	San Jose Ca 95129	*no Site Address*	VAC,VACANT	1.78	$27,435	$0	$0	$27,435	79091
0405 691 10 0000	Chun C Lin	1336 S Fern Ave	Ontario Ca 91762	*no Site Address*	VAC,VACANT	2.37	$32,622	$0	$0	$32,622	79091
0405 691 11 0000	Raymond & Tracy Riebeling			5147 Perch Pl	VAC,VACANT	2.34	$28,900	$0	$0	$28,900	79091
0405 691 12 0000	Trevor M & Lynne L Scrogins			*no Site Address*	VAC,VACANT	2.28	$34,119	$0	$0	$34,119	79091
0405 691 13 0000	Dewey J Martineau	34250 Pourroy Rd	Winchester Ca 92596	*no Site Address*	VAC,VACANT	1.44	$21,597	$0	$0	$21,597	79091
0405 691 14 0000	Pierre A Carrasco et al	5643 Bass St	Summit Valley Ca 92345	5146 Perch Pl	VAC,VACANT	1.55	$26,435	$0	$0	$26,435	79091
0405 691 15 0000	Raymond Escobar	8900 Lassen Ave	Hesperia Ca 92345	5248 Perch Pl	RES,SINGLE FAMILY RESIDENCE	2.4	$129,742	$114,000	$0	$243,742	79091
3136 131 09 0000	Daniel & Bernie Hancock	10520 Mesa St	Victorville Ca 92392	10520 Mesa St	RES,SINGLE FAMILY RESIDENCE	1.95	$26,000	$102,000	$0	$128,000	101060
3136 131 10 0000	Wesley P Howell	10576 Mesa St #260	Oak Hills Ca 92344	10576 Mesa St	RES,SINGLE FAMILY RESIDENCE	2.22	$49,885	$116,158	$7,000	$159,043	101060
3136 131 11 0000	Jeffrey K Guenther	10620 Mesa St	Victorville Ca 92392	10620 Mesa St #225	RES,SINGLE FAMILY RESIDENCE	1.82	$49,885	$130,818	$7,000	$173,703	101060
3136 131 12 0000	Jeromie N & Cassandra L Davis	10678 Mesa St	Victorville Ca 92392	10678 Mesa St	RES,SINGLE FAMILY RESIDENCE	1.5	$28,931	$85,696	$0	$114,627	101060
153	parcels					1228.25	$5,044,426	$2,924,390	$112,000	$7,856,816	



BASIC DATA
Formerly Detail – 145, 149, 154, 163, 165, 180, 181, 182, 196, 197
U.S.G.S. –
CA. Coordinate – Zone V, NAD 83
Thomas Bros. –
Last Modified/Printed 9-09-08

TAX-RATE AREAS CHANGED TO INCLUDE:

FILE NO.	DATE	FILE NO.	DATE
02-014	08-22-01		
03-012	11-22-02		
03-014	01-29-03		
07-006	06-01-06		
06-009	10-22-07		
06-006	10-19-07		
09-003	09-09-08		

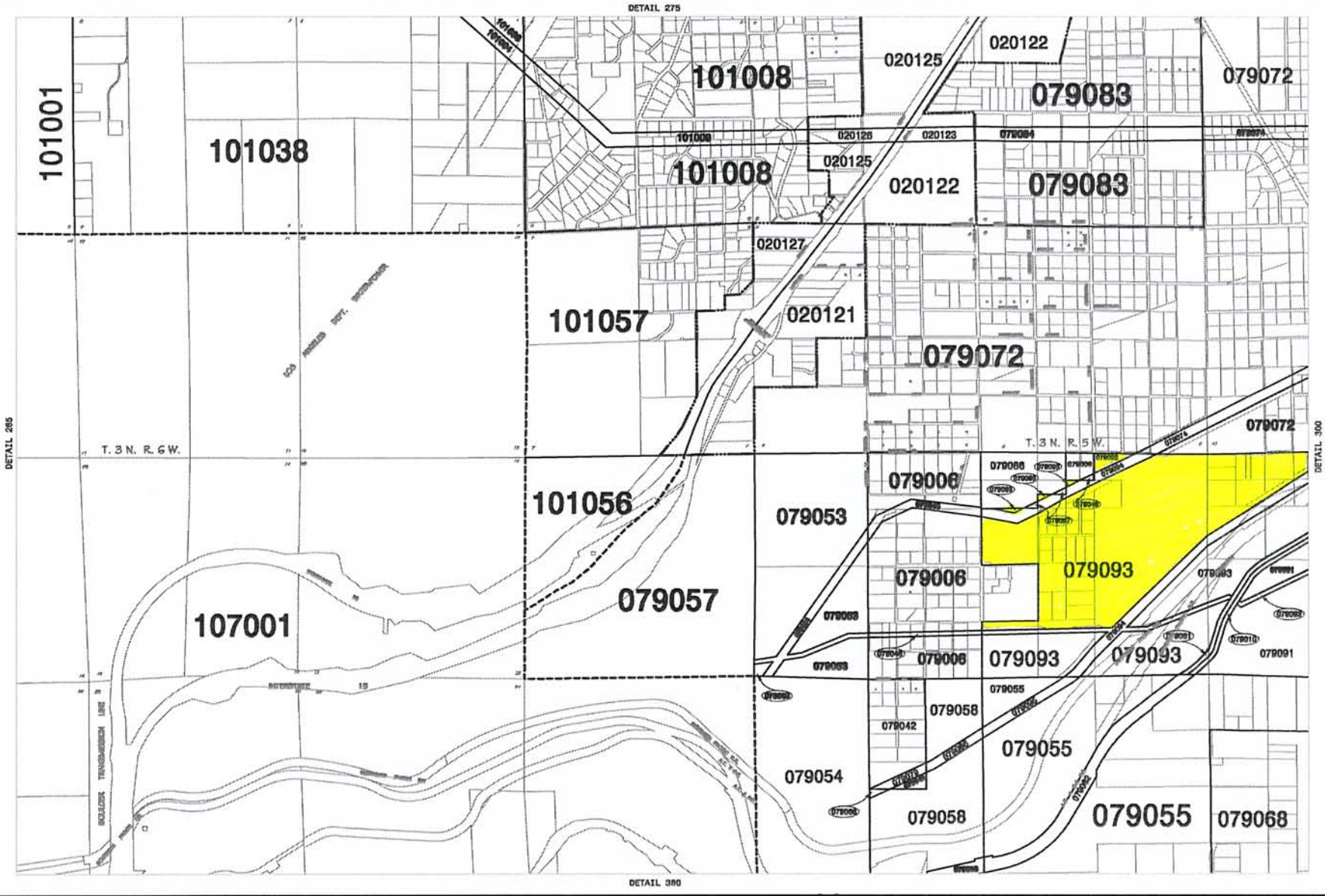
LEGEND

DRN: DRT
CKD: NPS

CALIFORNIA STATE BOARD OF EQUALIZATION
TAX AREA SERVICES

SAN BERNARDINO CO. DETAIL 170

0 1000 2000 3000
SCALE 1" = 1000'



BASIC DATA	
Formerly Detail – 228-230, 235-239	
U.S.G.S. –	
CA. Coordinate – Zone V, NAD 83	
Thomas Bros. –	
Last Modified/Printed 9-09-08	

TAX-RATE AREAS CHANGED TO INCLUDE:

FILE NO.	DATE	FILE NO.	DATE
02-014	06-22-01		
05-021	01-20-05		
07-008	06-01-06		
09-003	09-09-08		

LEGEND

CALIFORNIA STATE BOARD OF EQUALIZATION
TAX AREA SERVICES

SAN BERNARDINO CO. DETAIL 285

DWN: DRT
CKD: MPS

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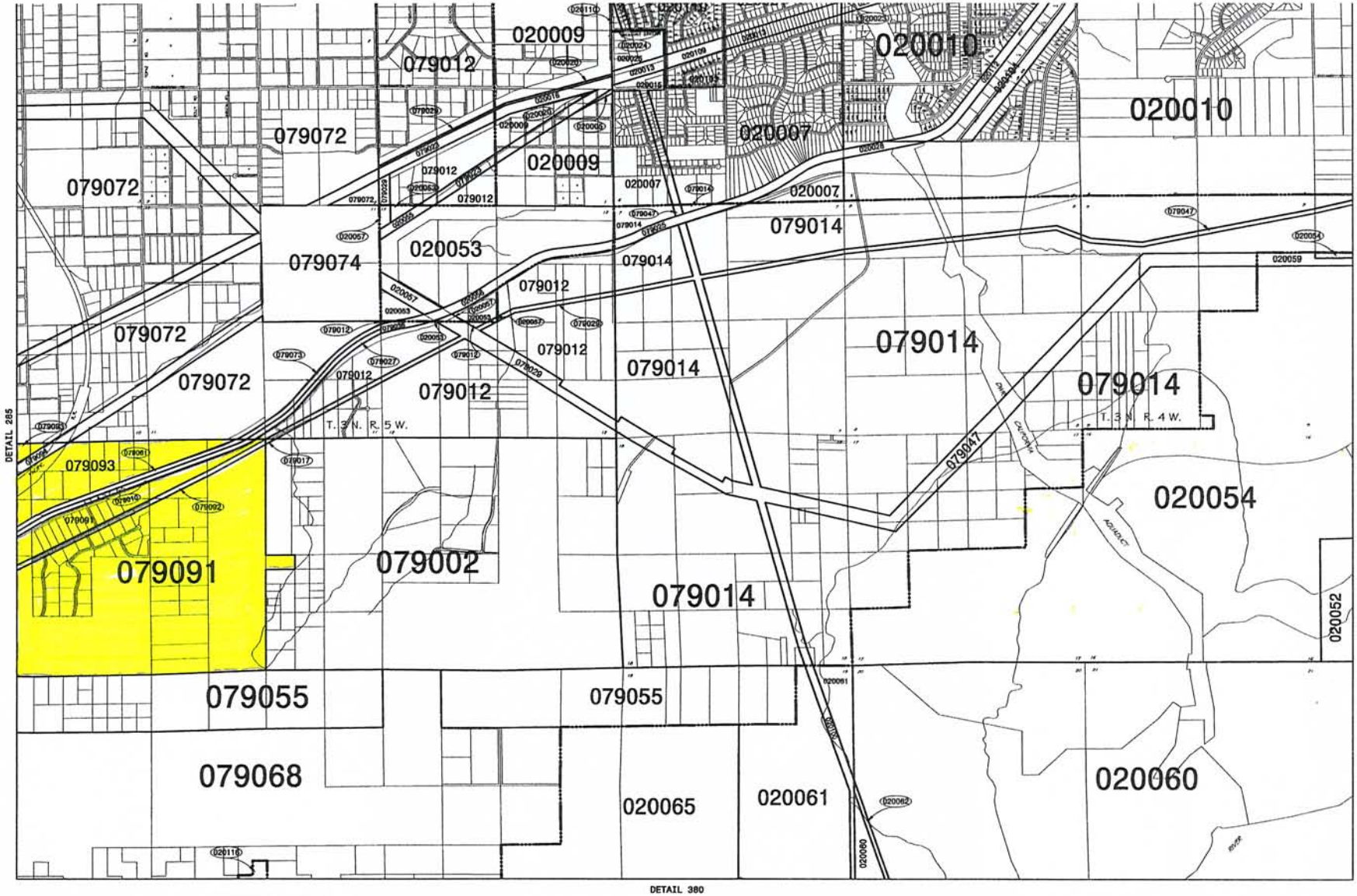
SCALE 1" = 1000'



BASIC DATA
Formerly Detail – 230-232, 238-240
U.S.G.S. –
CA. Coordinate – Zone V, NAD 83
Thomas Bros. –
Last Modified/Printed:11-02-06

TAX-RATE AREAS CHANGED TO INCLUDE:

FILE NO.	DATE	FILE NO.	DATE
02-014	08-22-01		
03-009	11-22-02		
07-008	08-01-06		

LEGEND

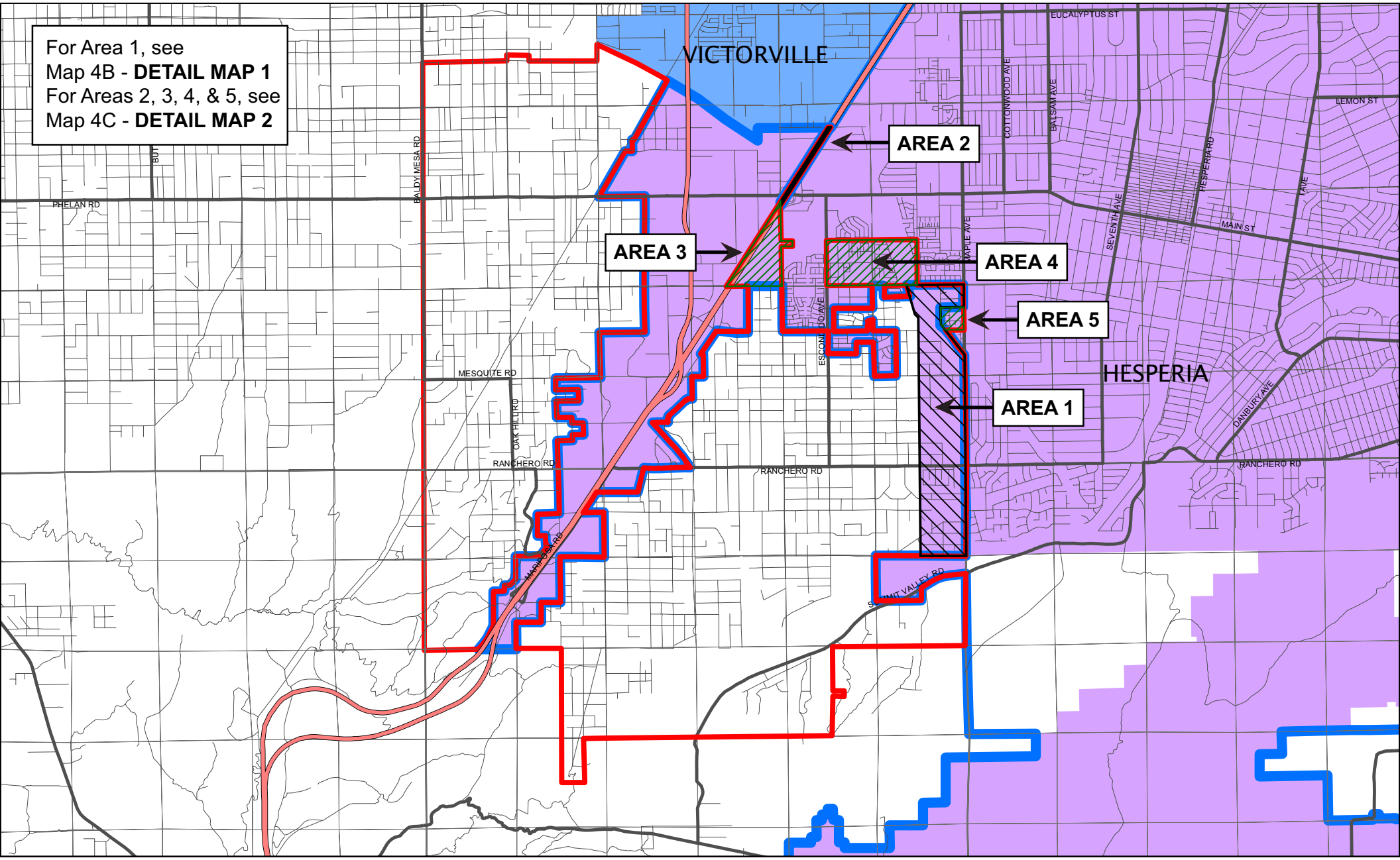
SECONDARY
CITY
STATE
COUNTY
SCHOOL

DWN: DRT
CKD: NPS

CALIFORNIA STATE BOARD OF EQUALIZATION
TAX AREA SERVICES

SAN BERNARDINO CO. DETAIL **300**

0 1000 2000 3000
SCALE 1" = 1000'



LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 4A)

Proposed Annexation Area to Hesperia Water District and Detachment from CSA 70 and its Zone J

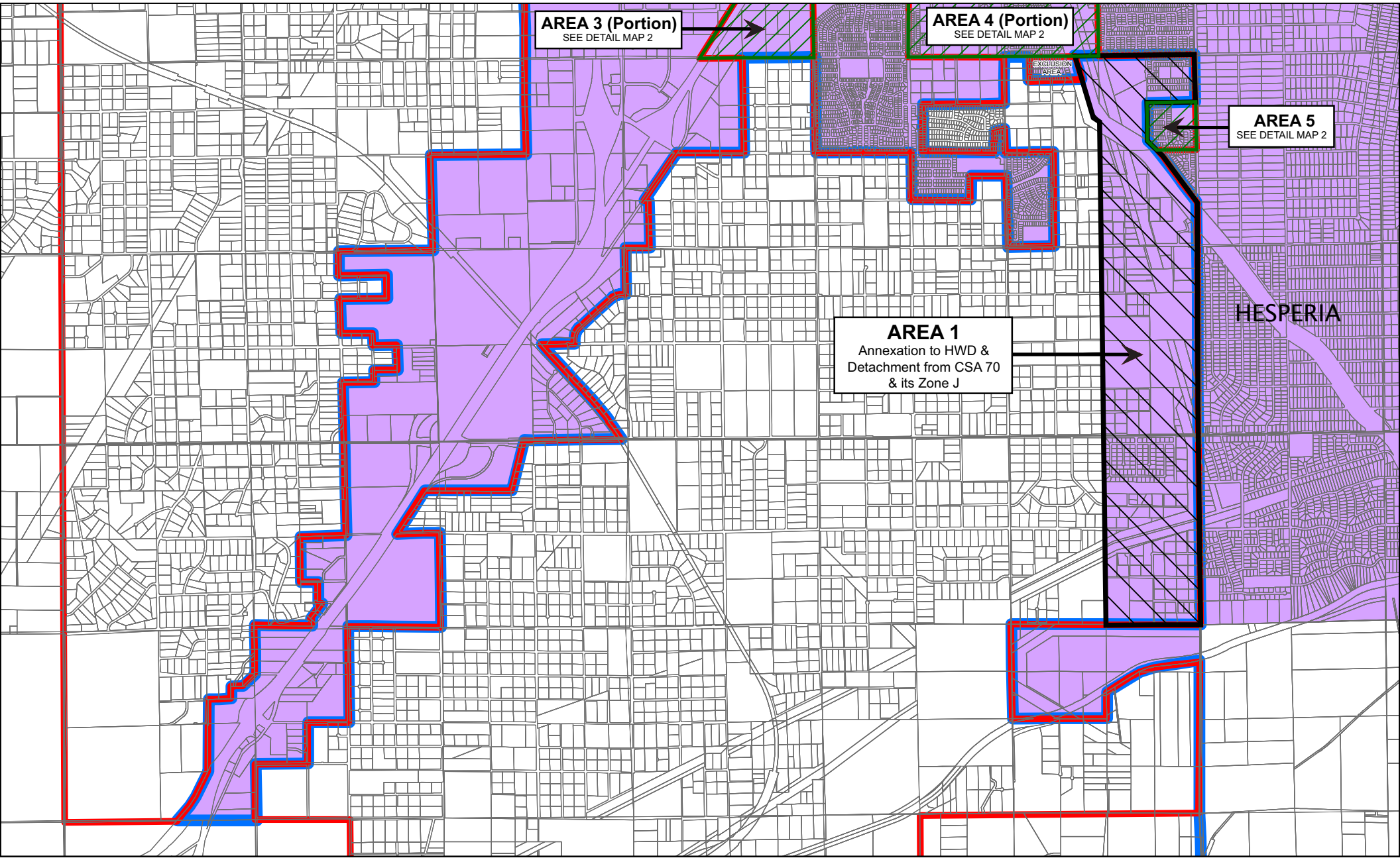
Area Proposed for Detachment from CSA 70 and its Zone J

Hesperia Water District

CSA 70 Zone J

City of Hesperia

City of Victorville



DETAIL MAP 1: LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 4B)

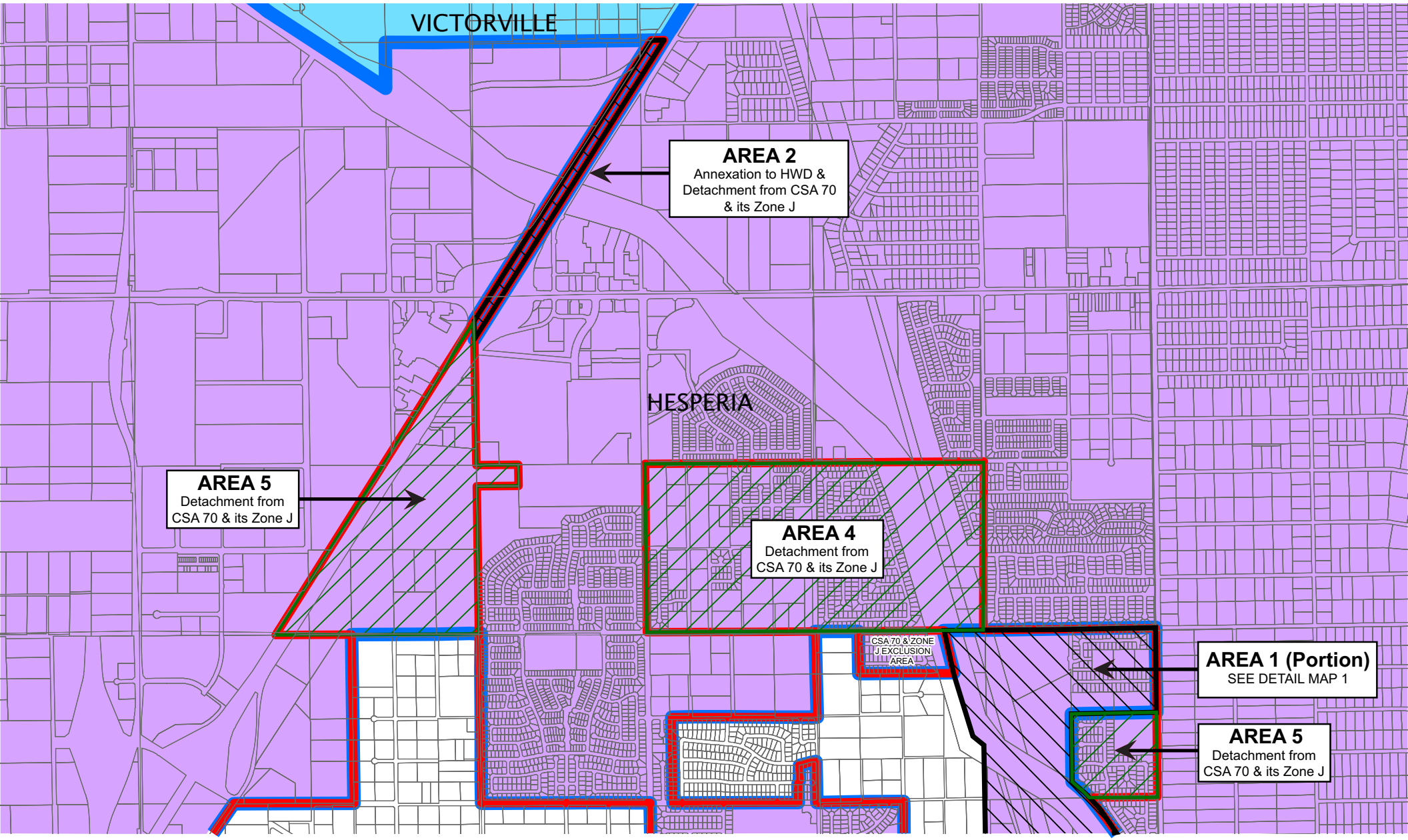
Proposed Annexation Area to Hesperia Water District and Detachment from CSA 70 and its Zone J

Area Proposed for Detachment from CSA 70 and its Zone J

Hesperia Water District

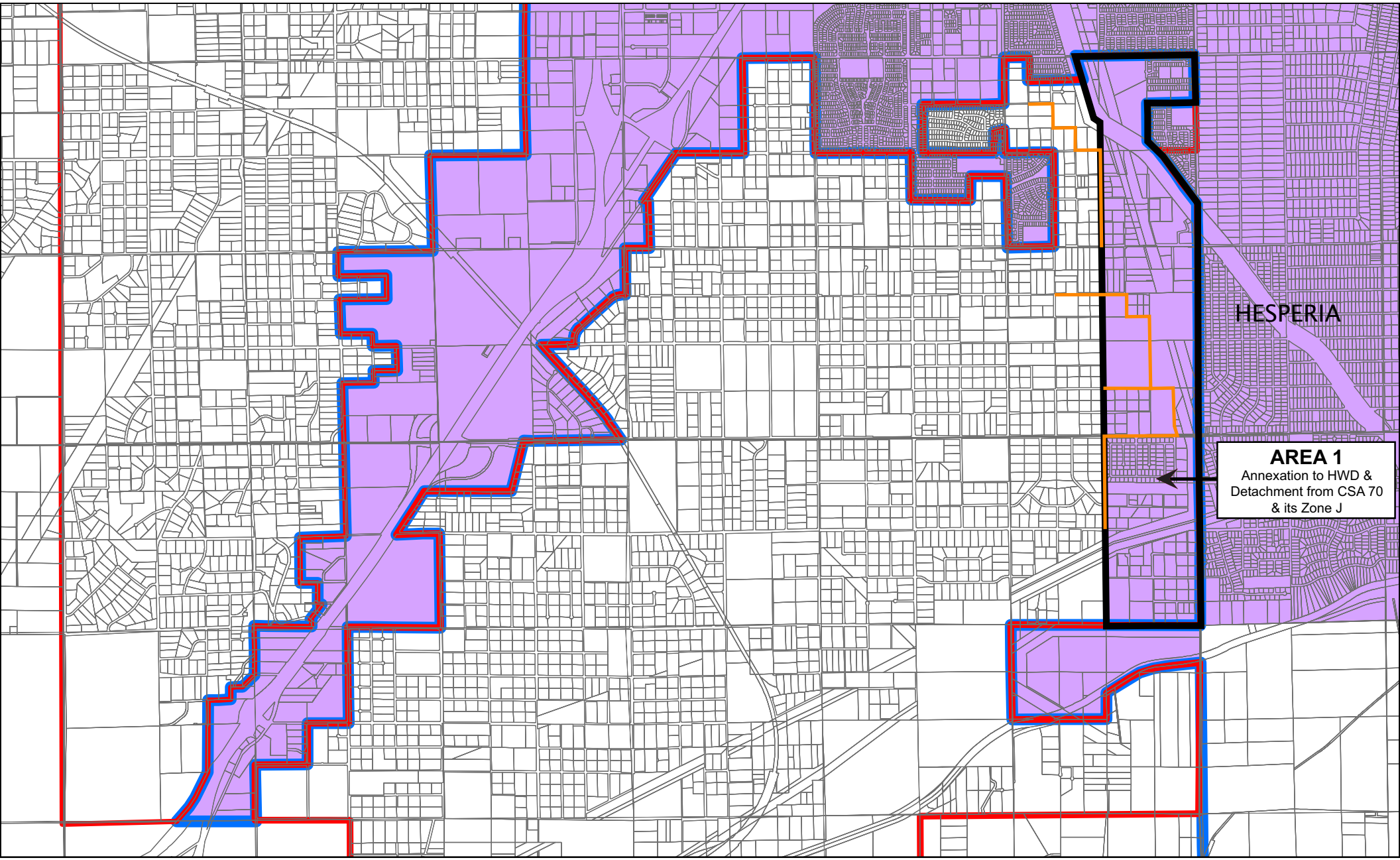
CSA 70 Zone J

City of Hesperia



DETAIL MAP 2: LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 4C)

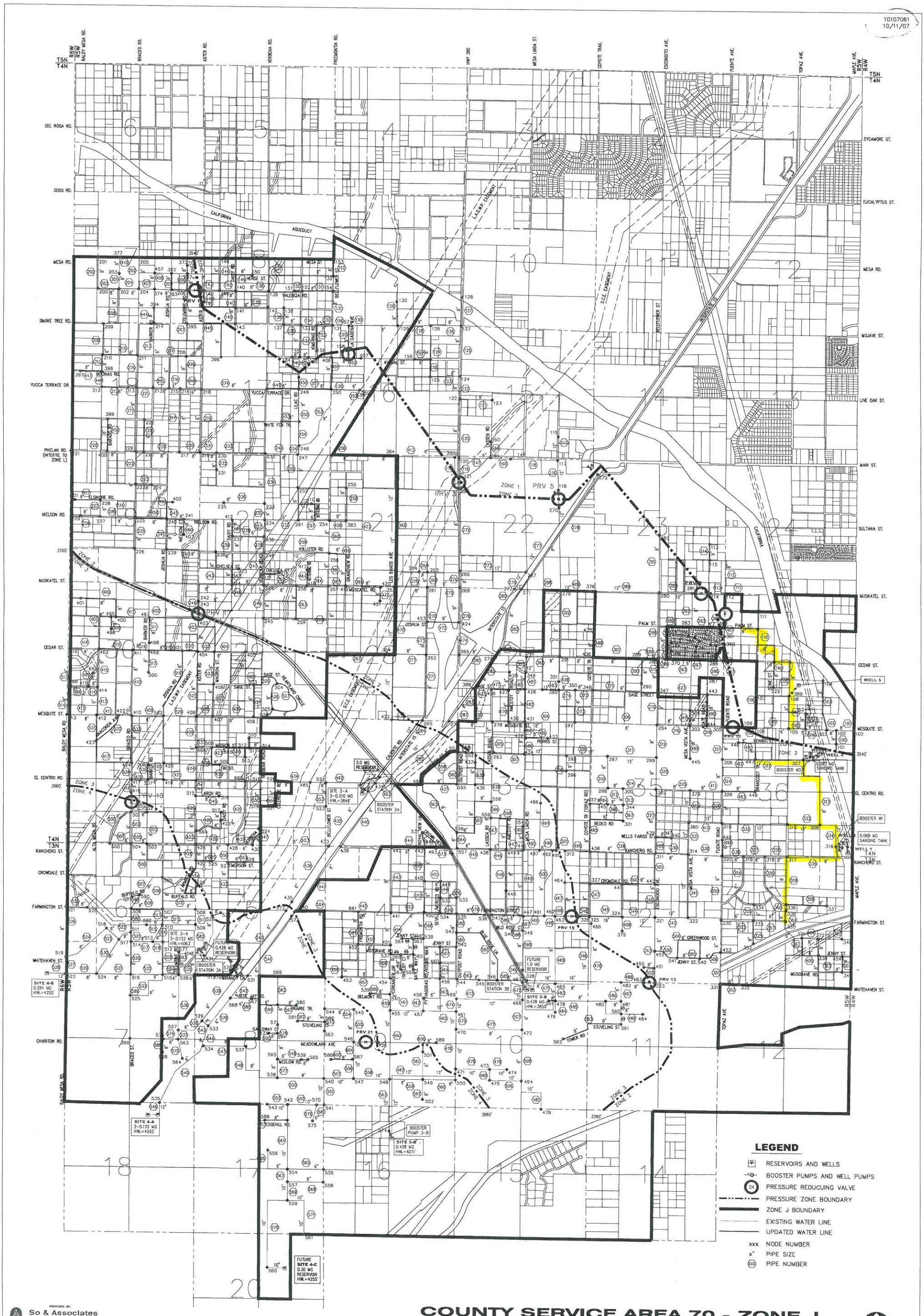
- Proposed Annexation Area to Hesperia Water District and Detachment from CSA 70 and its Zone J
- Area Proposed for Detachment from CSA 70 and its Zone J
- Hesperia Water District
- CSA 70 Zone J
- City of Hesperia
- City of Victorville



LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 5)

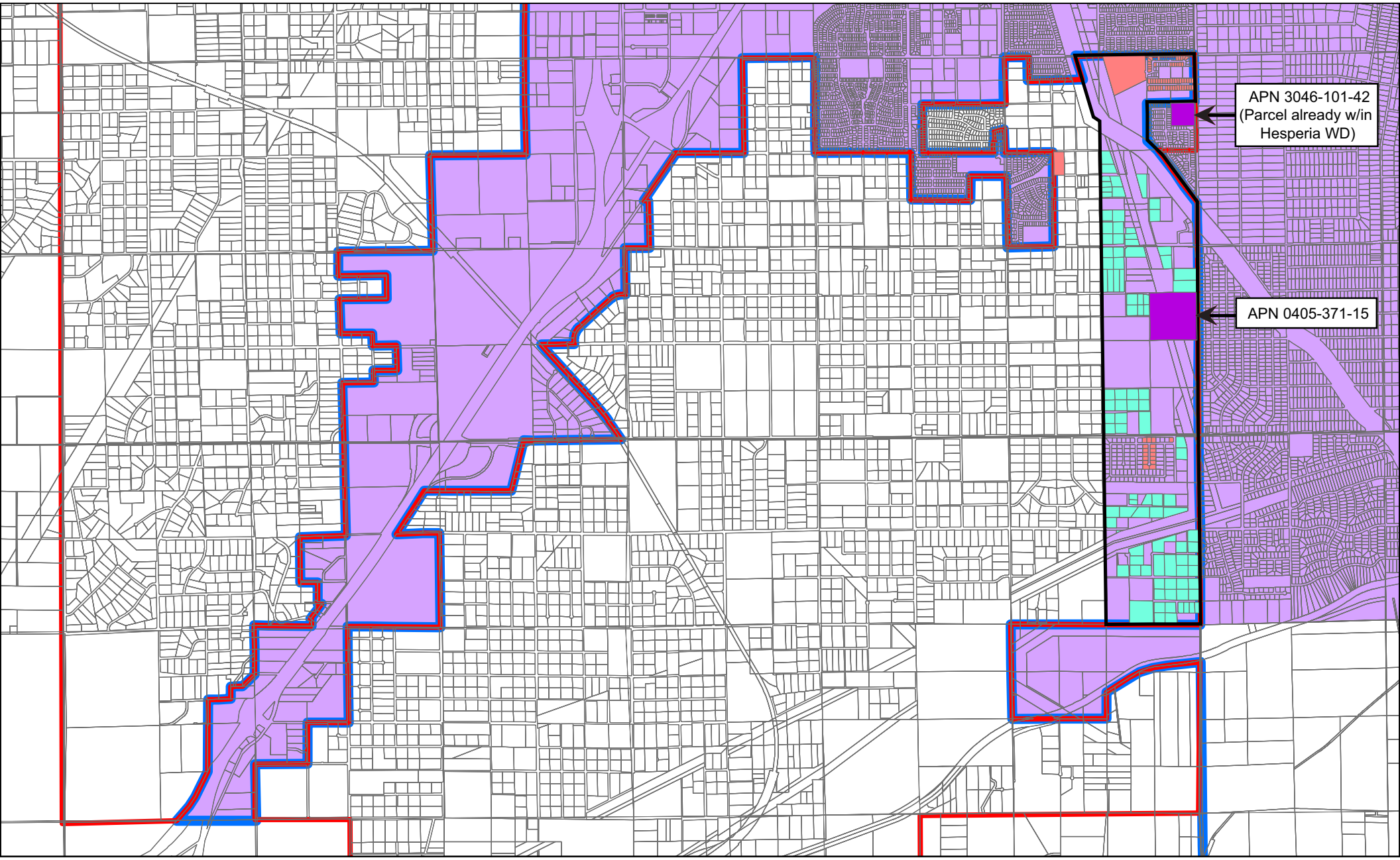
- AREA 1 - Annexation to Hesperia Water District and Detachment from CSA 70 & its Zone J
- Pipelines (designated as "pumping lanes") that must remain with CSA 70 Zone J
- Hesperia Water District
- CSA 70 Zone J
- City of Hesperia

10107061
10/11/07



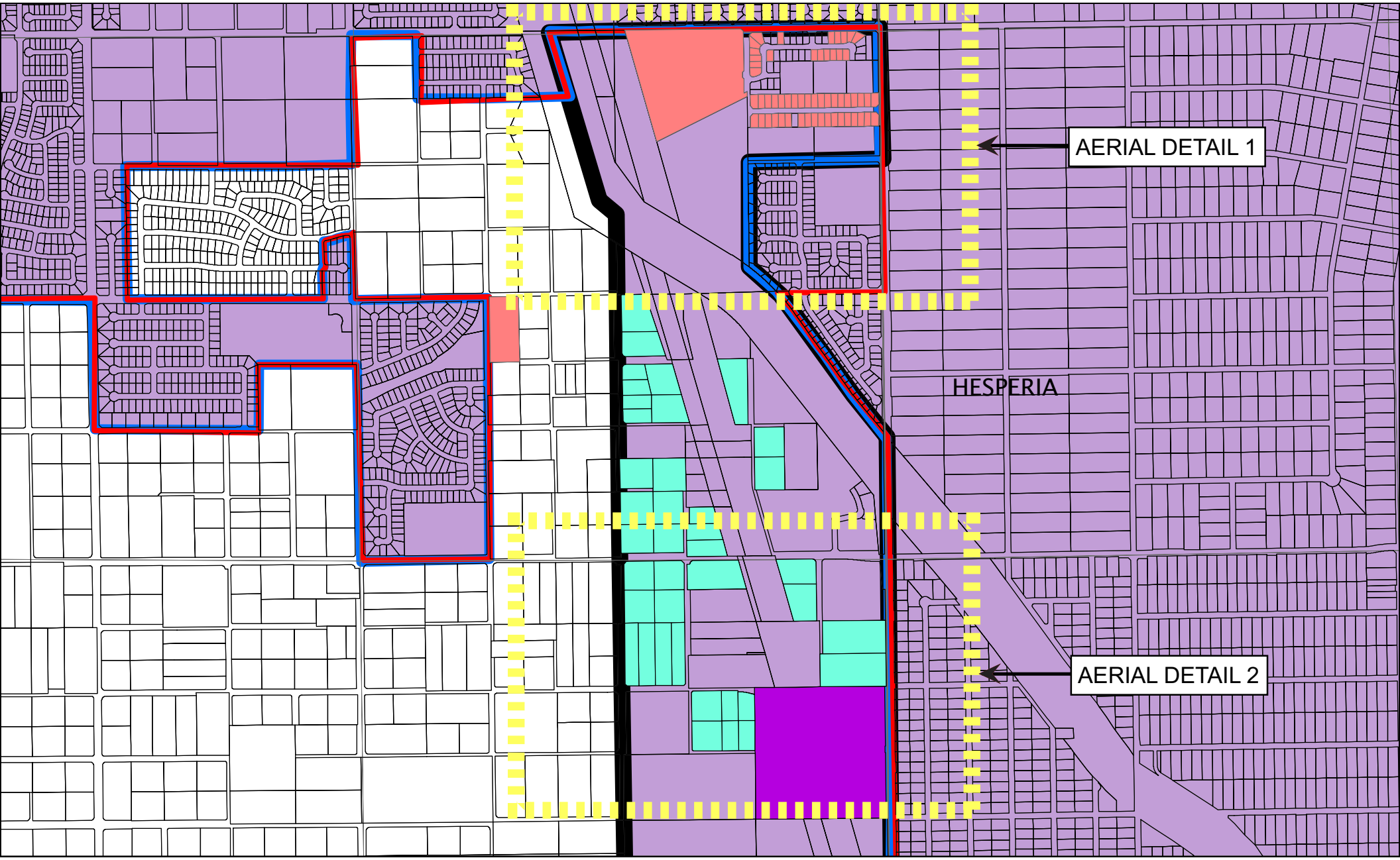
PREPARED BY:
So & Associates
Engineers Inc.

COUNTY SERVICE AREA 70 - ZONE J
EXISTING WATER SYSTEM MAP



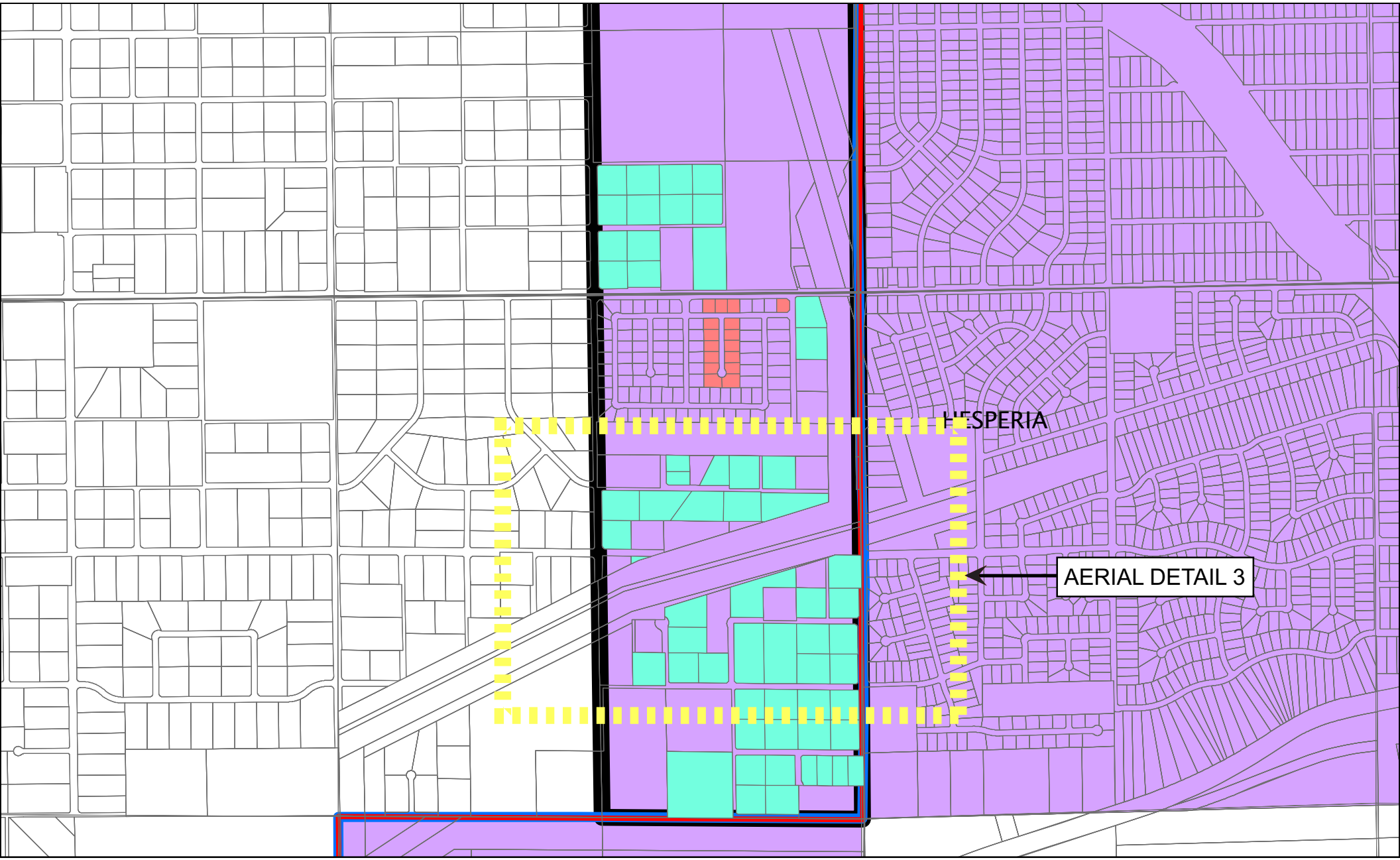
LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 6A)

AREA 1 - Proposed Annexation/Detachment Area
Other Parcels Served By Hesperia WD
Parcels Served by Hesperia Water District
Parcels Served by CSA 70 Zone J
Hesperia Water District
CSA 70 Zone J
City of Hesperia



UPPER AREA 1: LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 6B)

AREA 1 - Proposed Annexation/Detachment Area
Other Parcels Served By Hesperia WD
Parcels Served by Hesperia Water District
Parcels Served by CSA 70 Zone J
Hesperia Water District
CSA 70 Zone J
City of Hesperia
City of Victorville



LOWER AREA 1: LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 6C)

AREA 1 - Proposed Annexation/Detachment Area

Parcels Served by Hesperia Water District

Parcels Served by CSA 70 Zone J

Hesperia Water District

CSA 70 Zone J

City of Hesperia

CITY OF HESPERIA SERVED BY ZONE J - TOPAZ TO MAPLE CORRIDOR CONNECTION LOG

APN	Connection
0405-371-36	Y
0405-371-45	Y
0405-371-46	Y
0405-371-61	Y
0405-371-63	Y
0405-371-65	Y
0405-371-66	Y
0405-371-71	Y
0405-371-72	Y
0405-371-73	Y
0405-371-77	Y
0405-371-78	Y
0405-371-79	Y
0405-371-80	Y
0405-371-81	Y
0405-371-82	Y
0405-371-83	Y
0405-371-84	Y
3046-131-19	Y
3046-131-26	Y
3046-131-28	Y
3046-131-34	Y
3046-131-35	Y
3046-131-42	Y
3046-131-43	Y
3046-131-44	Y
3046-131-45	Y
3046-131-47	Y
3046-131-48	Y
3046-131-49	Y
3046-131-54	Y
3046-131-55	Y
3046-131-56	Y
3046-131-57	Y
3046-131-58	Y
3046-131-59	Y
3046-131-60	Y
3046-131-61	Y
0405-371-74	Y (2)

TTM 14744 **SEE PAGE	**0405-47**
TTM 14744 **SEE PAGE	**0405-47**
TTM 14744 **SEE PAGE	**0405-47**
TTM 14744 **SEE PAGE	**0405-47**
0405-144-24	Y
0405-144-26	Y
0405-144-27	Y

The developed portion of Tract **14744** is currently served by the Hesperia Water District

0405-144-29	Y	
0405-144-31	Y	
0405-144-32	Y	
0405-144-33	Y	
0405-144-34	Y	
0405-144-38	Y	
0405-144-39	Y	
0405-144-42	Y	
0405-144-43	Y	
0405-144-44	Y	
0405-144-45	Y	
0405-144-58	Y	
0405-144-59	Y	
0405-144-60	Y	
0405-144-61	Y	
0405-144-62	Y	
0405-144-66	Y	
0405-144-67	Y	
0405-144-68	Y	
0405-144-69	Y	
0405-144-88	Y	This parcel is a triangular parcel that seems to be an accessory parcel to the actual parcel that is being served, APN 0405-144-13 (see Map 7C - Aerial Detail 3). Either APN 0405-144-13 replaces this parcel… or is added to this list.
0405-144-90	Y	
0405-144-91	Y	
0405-144-93	Y	
0405-144-94	Y	
0405-144-95	Y	
0405-145-01	Y	
0405-145-02	Y	
0405-145-03	Y	
0405-145-04	Y	
0405-383-09	Y	
0405-383-18	Y	
0405-383-19	Y	
0405-383-20	Y	
0405-383-21	Y	
0405-383-22	Y	
0405-383-23	Y	
0405-383-24	Y	
0405-383-25	Y	
0405-383-26	Y	
0405-383-27	Y	
0405-383-28	Y	
0405-383-29	Y	
0405-471-20	Y	
0405-471-33	Y	
0405-471-34	Y	
0405-471-35	Y	
0405-471-36	Y	This parcel is now a Hesperia WD-owned property that has a water tank on it. This parcel should probably be taken off from this list.
0405-471-41	Y	
0405-471-42	Y	
0405-471-43	Y	
0405-471-44	Y	

0405-471-45	Y
0405-471-47	Y
0405-471-48	Y
0405-471-50	Y

TOTAL CONNECTIONS = 99

This total does not match the memo from Special Districts dated July 25, 2011, that identifies only 91 accounts.

LAFCO Additional Comments:

Two parcels, APN 0405-371-95 and 0405-371-96, were not identified on this list nor were they identified on Hesperia WD's listing. However, based on the aerial map (see Map 7B - Aerial Detail 2), it looks like the parcels, located along Opal Ave.(between Mesquite and Mission Streets) each has a residential unit. Please verify if these parcels are being served by CSA 70 Zone J.

In addition, there is some type of development on the parcel located at the northeast corner of Opal Ave. and Mission St, APN 0405-371-41 (a parcel owned by CSA 70 Zone J). If there is water service/ connection on the property it should also be added on this list.

Utility Billing Service Address and APN

84 Total Records -

Account	APN	Service Address	City	State	Zip	Type	
ET0001I	3046161380000	ARTHUR	HESPERIA	CA	92344	LANDSCAPE/IRRI	
ET0019	3046161180000	14410 ARTHUR	HESPERIA	CA	92344	Residential	
ET0020	3046161190000	14411 ARTHUR	HESPERIA	CA	92344	Residential	
ET0018	3046161170000	14418 ARTHUR	HESPERIA	CA	92344	Residential	
ET0021	3046161200000	14419 ARTHUR	HESPERIA	CA	92344	Residential	
ET0017	3046161160000	14426 ARTHUR	HESPERIA	CA	92344	Residential	
ET0022	3046161210000	14427 ARTHUR	HESPERIA	CA	92344	Residential	
ET0016	3046161150000	14434 ARTHUR	HESPERIA	CA	92344	Residential	
ET0023	3046161220000	14435 ARTHUR	HESPERIA	CA	92344	Residential	
ET0015	3046161140000	14442 ARTHUR	HESPERIA	CA	92344	Residential	
ET0024	3046161230000	14443 ARTHUR	HESPERIA	CA	92344	Residential	
ET0014	3046161130000	14450 ARTHUR	HESPERIA	CA	92344	Residential	
ET0025	3046161240000	14451 ARTHUR	HESPERIA	CA	92344	Residential	
ET0013	3046161120000	14458 ARTHUR	HESPERIA	CA	92344	Residential	
ET0012	3046161110000	14466 ARTHUR	HESPERIA	CA	92344	Residential	
ET0027	3046161260000	14467 ARTHUR	HESPERIA	CA	92344	Residential	
ET0011	3046161100000	14474 ARTHUR	HESPERIA	CA	92344	Residential	
ET0028	3046161270000	14475 ARTHUR	HESPERIA	CA	92344	Residential	
ET0010	3046161090000	14482 ARTHUR	HESPERIA	CA	92344	Residential	
ET0029	3046161280000	14483 ARTHUR	HESPERIA	CA	92344	Residential	
ET0009	3046161080000	14490 ARTHUR	HESPERIA	CA	92344	Residential	
ET0030	3046161290000	14491 ARTHUR	HESPERIA	CA	92344	Residential	
ET0008	3046161070000	14498 ARTHUR	HESPERIA	CA	92344	Residential	
ET0008	3046161070000	14498 ARTHUR	HESPERIA	CA	92344	Residential	Duplicate of row above
ET0031	3046161300000	14499 ARTHUR	HESPERIA	CA	92344	Residential	
ET0007	3046161060000	14506 ARTHUR	HESPERIA	CA	92344	Residential	
ET0032	3046161310000	14507 ARTHUR	HESPERIA	CA	92344	Residential	
ET0006	3046161050000	14514 ARTHUR	HESPERIA	CA	92344	Residential	
ET0033	3046161320000	14515 ARTHUR	HESPERIA	CA	92344	Residential	
ET0005	3046161040000	14522 ARTHUR	HESPERIA	CA	92344	Residential	

ET0034	3046161320000	14523	ARTHUR	HESPERIA	CA	92344	Residential	Based on the address identified, APN should be 3046-161-**33**
ET0004	3046161030000	14530	ARTHUR	HESPERIA	CA	92344	Residential	
ET0035	3046161340000	14531	ARTHUR	HESPERIA	CA	92344	Residential	
ET0003	3046161020000	14538	ARTHUR	HESPERIA	CA	92344	Residential	
ET0036	3046161350000	14539	ARTHUR	HESPERIA	CA	92344	Residential	
ET0002	3046161010000	14546	ARTHUR	HESPERIA	CA	92344	Residential	
ET0002	3046161010000	14546	ARTHUR	HESPERIA	CA	92344	Residential	Duplicate of row above
ET0037	3046161360000	14547	ARTHUR	HESPERIA	CA	92344	Residential	
ET0038	3046161370000	14555	ARTHUR	HESPERIA	CA	92344	Residential	
ET0049	3046321080000	14310	HARTFORD	HESPERIA	CA	92345	Residential	
ET0049	3046321080000	14310	HARTFORD	HESPERIA	CA	92345	Residential	Duplicate of row above
ET0234	304632120	14325	HARTFORD	HESPERIA	CA	92345	Residential	
ET0046	304632105	14342	HARTFORD	HESPERIA	CA	92345	Residential	
ET0241	3046321270000	14405	HARTFORD	HESPERIA	CA	92345	Residential	
ET0242	3046321280000	14415	HARTFORD	HESPERIA	CA	92345	Residential	
ET0242	3046321280000	14415	HARTFORD	HESPERIA	CA	92345	Residential	Duplicate of row above
ET0259	3046321400000	14422	HARTFORD	HESPERIA	CA	92345	Residential	
ET0259	3046321400000	14422	HARTFORD	HESPERIA	CA	92345	Residential	Duplicate of row above
ET0243	3046321290000	14425	HARTFORD	HESPERIA	CA	92345	Residential	
ET0243	3046321290000	14425	HARTFORD	HESPERIA	CA	92345	Residential	Duplicate of row above
ET0258	304632139	14432	HARTFORD	HESPERIA	CA	92345	Residential	
ET0244	3046321300000	14435	HARTFORD	HESPERIA	CA	92345	Residential	
ET0244	3046321300000	14435	HARTFORD	HESPERIA	CA	92345	Residential	Duplicate of row above
ET0245	304632131	14445	HARTFORD	HESPERIA	CA	92345	Residential	
ET0257	3046321380000	14448	HARTFORD	HESPERIA	CA	92345	Residential	
ET0246	304632132	14457	HARTFORD	HESPERIA	CA	92345	Residential	
ET0256	3046321370000	14460	HARTFORD	HESPERIA	CA	92345	Residential	
ET0255	3046321360000	14472	HARTFORD	HESPERIA	CA	92345	Residential	
ET0255	3046321360000	14472	HARTFORD	HESPERIA	CA	92345	Residential	Duplicate of row above
ET0054	304632113	8828	ROCKINGHAM	HESPERIA	CA	92345	Residential	
ET0053	3046321120000	8840	ROCKINGHAM	HESPERIA	CA	92345	Residential	
ET0052	3046321110000	8854	ROCKINGHAM	HESPERIA	CA	92345	Residential	
ET0051	3046321100000	8870	ROCKINGHAM	HESPERIA	CA	92345	Residential	
ET0050	3046321090000	8878	ROCKINGHAM	HESPERIA	CA	92345	Residential	

ET0061	LOT 5 TR 17117	8824 TAMARISK	HESPERIA	CA	92345	Residential	
ET0060	LOT 4 TR17117	8844 TAMARISK	HESPERIA	CA	92345	Residential	
ET0059	LOT 3 TR 17117	8858 TAMARISK	HESPERIA	CA	92345	Residential	
ET0058	3046101590000	8872 TAMARISK	HESPERIA	CA	92345	Residential	
ET0057	LOT 1 TR 17117	8880 TAMARISK	HESPERIA	CA	92345	Residential	
EL0200I	040513401	BERLINA ROSE	HESPERIA	CA	92344	LANDSCAPE/IRRI	
EL0206	040513407	14274 BERLINA ROSE	HESPERIA	CA	92344	Residential	
EL0205	040513506	14292 BERLINA ROSE	HESPERIA	CA	92344	Residential	This is probably just a typographical error, APN should be 0405-**134**-06
EL0204	040513405	14310 BERLINA ROSE	HESPERIA	CA	92344	Residential	
EL0300	040521608	7169 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0299	040521607	7170 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0301	040521609	7185 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0298	040521606	7186 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0302	040521610	7203 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0297	040521605	7204 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0303	040513415	7219 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0296	040513414	7220 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0304	040513425	7237 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0295	040513413	7238 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0305	040513424	7253 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EL0294	040513412	7254 EVENING STAR ROSE CT	HESPERIA	CA	92344	Residential	
EG0236-001	304613103	8593 BANDICOOT TRAIL	HESPERIA	CA	92344	Residential	

LAFCO Additional Comments:

1. APN 3046-161-25 was not identified on the list. However, based on the aerial map (see Map 7A - Aerial Detail 1) there is a residential unit on the parcel (located along Arthur St.), which is probably served by the District

2. In an email (see attached) to LAFCO staff, it was identified that the District serves two other parcels. The plant site (Hesperia Parks and Recreation District), APN 0405-371-15, and a parcel owned by the Hesperia Church of the Nazarene, APN 3046-101-42 (shown as purple on Map 6A). However, it should be noted that the church parcel (APN 3046-101-42) is already in the District's boundaries.

Martinez, Samuel

From: Rollings-McDonald, Kathleen
Sent: Wednesday, February 08, 2012 10:15 AM
To: Martinez, Samuel
Subject: FW: Any additional properties being served by the Hesperia Water District (HWD) located outside its boundary?

Kathleen Rollings-McDonald
Executive Officer
San Bernardino LAFCO
215 North "D" Street, Suite 204
San Bernardino, CA 92415
(909) 383-9900

From: Jill Wyman - Customer Service Supervisor [mailto:jwyman@cityofhesperia.us]
Sent: Wednesday, November 16, 2011 4:47 PM
To: Stan Liudahl - Senior Planner; Rollings-McDonald, Kathleen
Cc: Reno, Dave - Planning Director
Subject: RE: Any additional properties being served by the Hesperia Water District (HWD) located outside its boundary?

Kathy,

On APN# 0405-371-15 there are 3 meters for a plant site, and the Parks & Recreation. I am trying to confirm that all 3 meters are on the same parcel
Additionally, we service the Hesperia Church of the Nazarene at 8518 Maple , APN# 3046-101-42.

Jill Wyman, Customer Service Supervisor
City of Hesperia Water District
Phone 760-947-1833 / Fax 760-947-1218

From: Stan Liudahl - Senior Planner
Sent: Wednesday, November 16, 2011 2:57 PM
To: Jill Wyman - Customer Service Supervisor
Cc: Dave Reno - Principal Planner
Subject: FW: Any additional properties being served by the Hesperia Water District (HWD) located outside its boundary?

Jill:

Please respond to Kathy's question.

From: Rollings-McDonald, Kathleen [mailto:kmcdonald@lafco.sbcounty.gov]
Sent: Wednesday, November 16, 2011 2:26 PM
To: Stan Liudahl - Senior Planner
Cc: Scott Priester - Director of Development Services; Dave Reno - Principal Planner
Subject: RE: Any additional properties being served by the Hesperia Water District (HWD) located outside its boundary?

Afternoon Stan,

Can you clarify the response from Ms. Wyman about a "plant site" service. What would this be and does it have service.

Thanks -- kathy

Kathleen Rollings-McDonald
Executive Officer
San Bernardino LAFCO
215 North "D" Street, Suite 204
San Bernardino, CA 92415
(909) 383-9900

From: Stan Liudahl - Senior Planner [mailto:sliudahl@cityofhesperia.us]
Sent: Wednesday, November 16, 2011 9:08 AM
To: Rollings-McDonald, Kathleen
Cc: Scott Priester - Director of Development Services; Reno, Dave - Planning Director
Subject: FW: Any additional properties being served by the Hesperia Water District (HWD) located outside its boundary?
Importance: High

Good morning Kathleen,

The Hesperia Water District has prepared the attached spreadsheet showing all properties served by the District not within the HWD boundary. If you have any questions regarding this data, please feel free to contact me.

Sincerely,

Stan Liudahl, AICP
Senior Planner

From: Jill Wyman - Customer Service Supervisor
Sent: Tuesday, November 15, 2011 11:12 AM
To: Stan Liudahl - Senior Planner
Cc: Dave Reno - Principal Planner
Subject: RE: Any additional properties being served by the Hesperia Water District (HWD) located outside its boundary?

Hi Stan,

Here is a spreadsheet of the accounts. There may be a plant site and a Parks and Recreation meter we serve on the west side of Maple cross of Mission & El Centro.

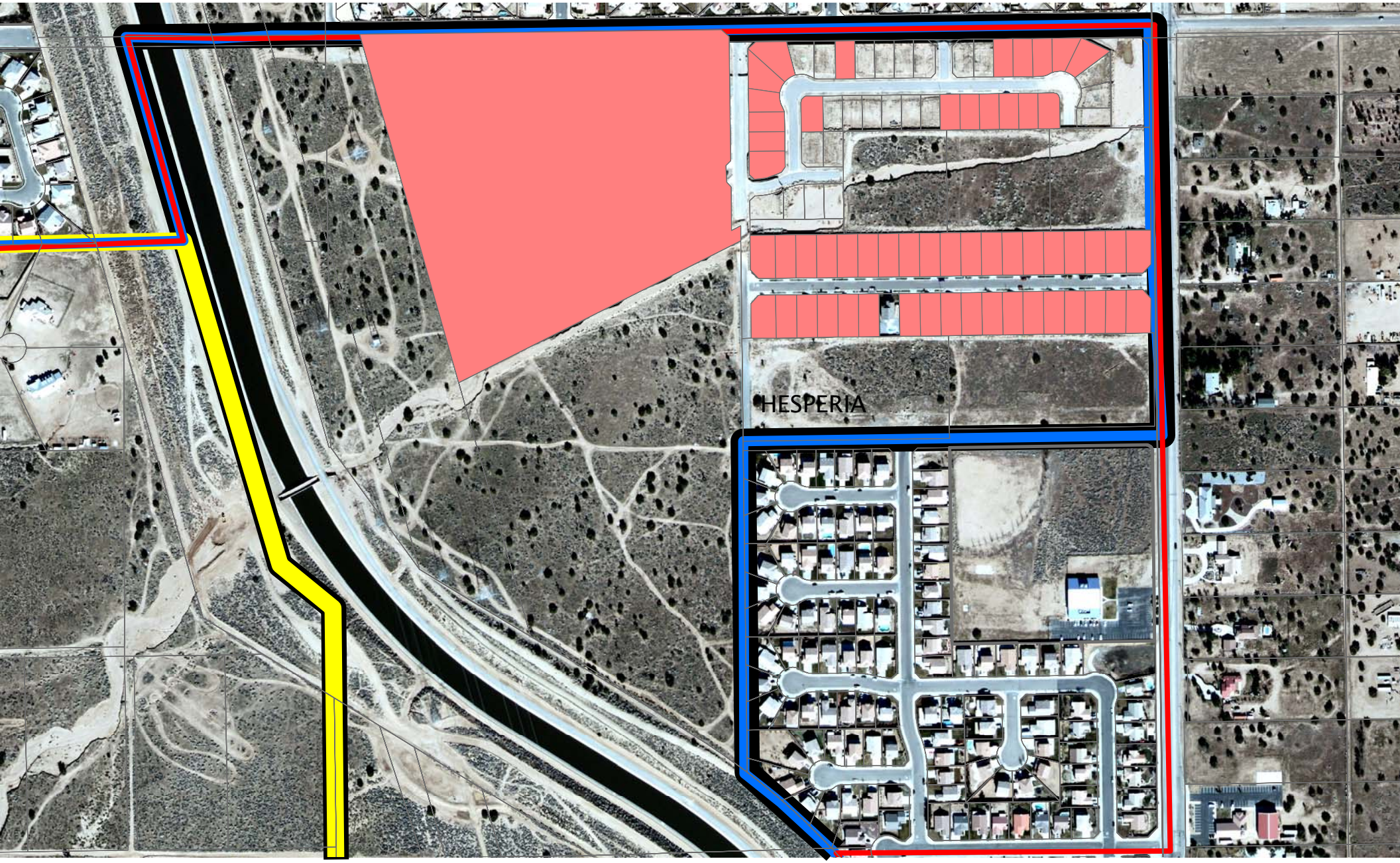
Jill Wyman, Customer Service Supervisor
City of Hesperia Water District
Phone 760-947-1833 / Fax 760-947-1218

From: Stan Liudahl - Senior Planner
Sent: Tuesday, November 15, 2011 9:59 AM

To: Jill Wyman - Customer Service Supervisor
Cc: Dave Reno - Principal Planner
Subject: Any additional properties being served by the Hesperia Water District (HWD) located outside its boundary?
Importance: High

Good morning, Jill.

Have you been able to complete your inventory of properties served which lie outside the HWD boundary? Kathy Mac Donald of LAFCO contacted me this morning to ask about its status. Please give me an estimate of when you might be finished checking. Thank you.



AERIAL DETAIL 1: LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 7A)

AREA 1 - Proposed Annexation/ Detachment Area

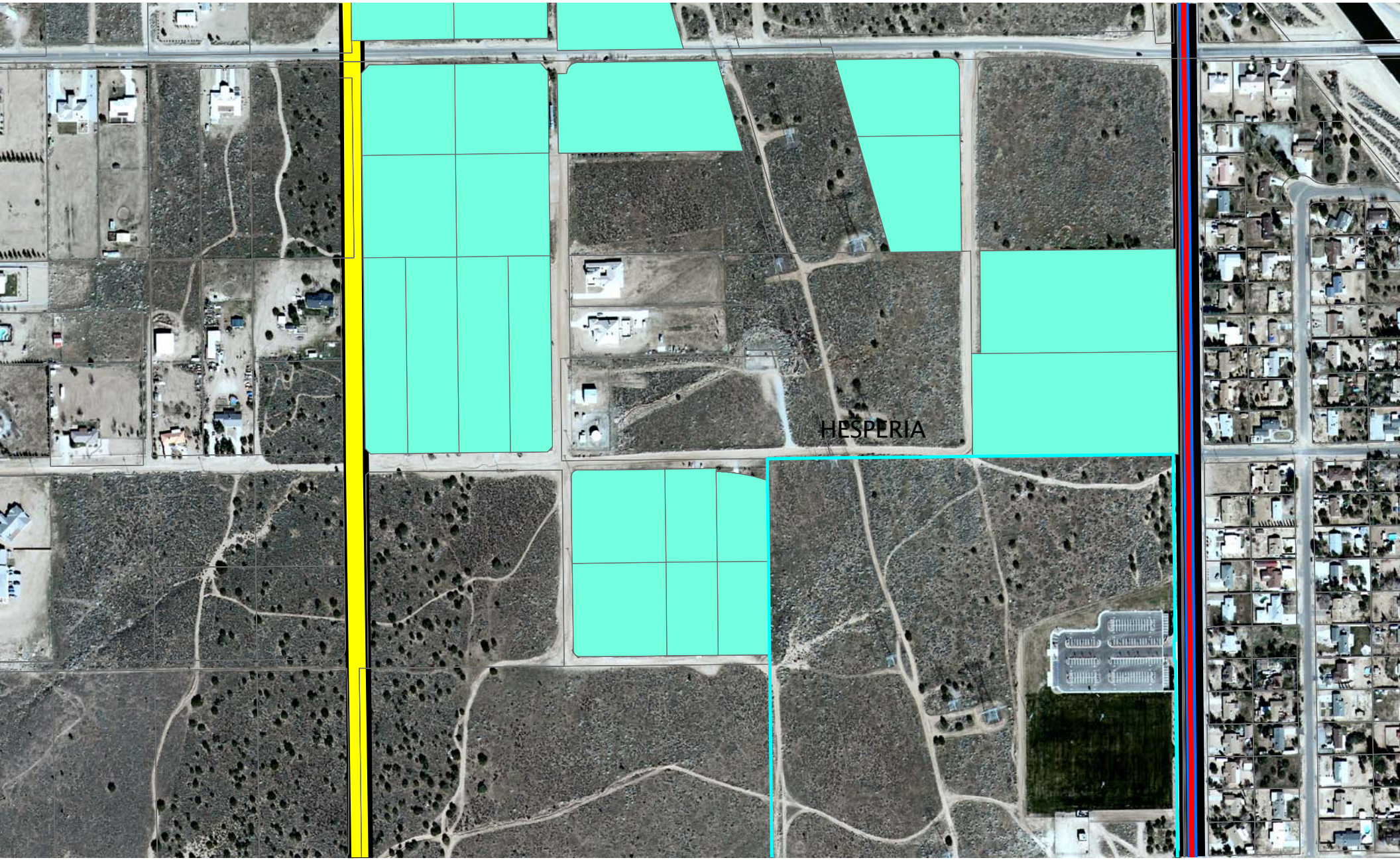
Parcels Served by Hesperia Water District

Parcels Served by CSA 70 Zone J

Hesperia Water District

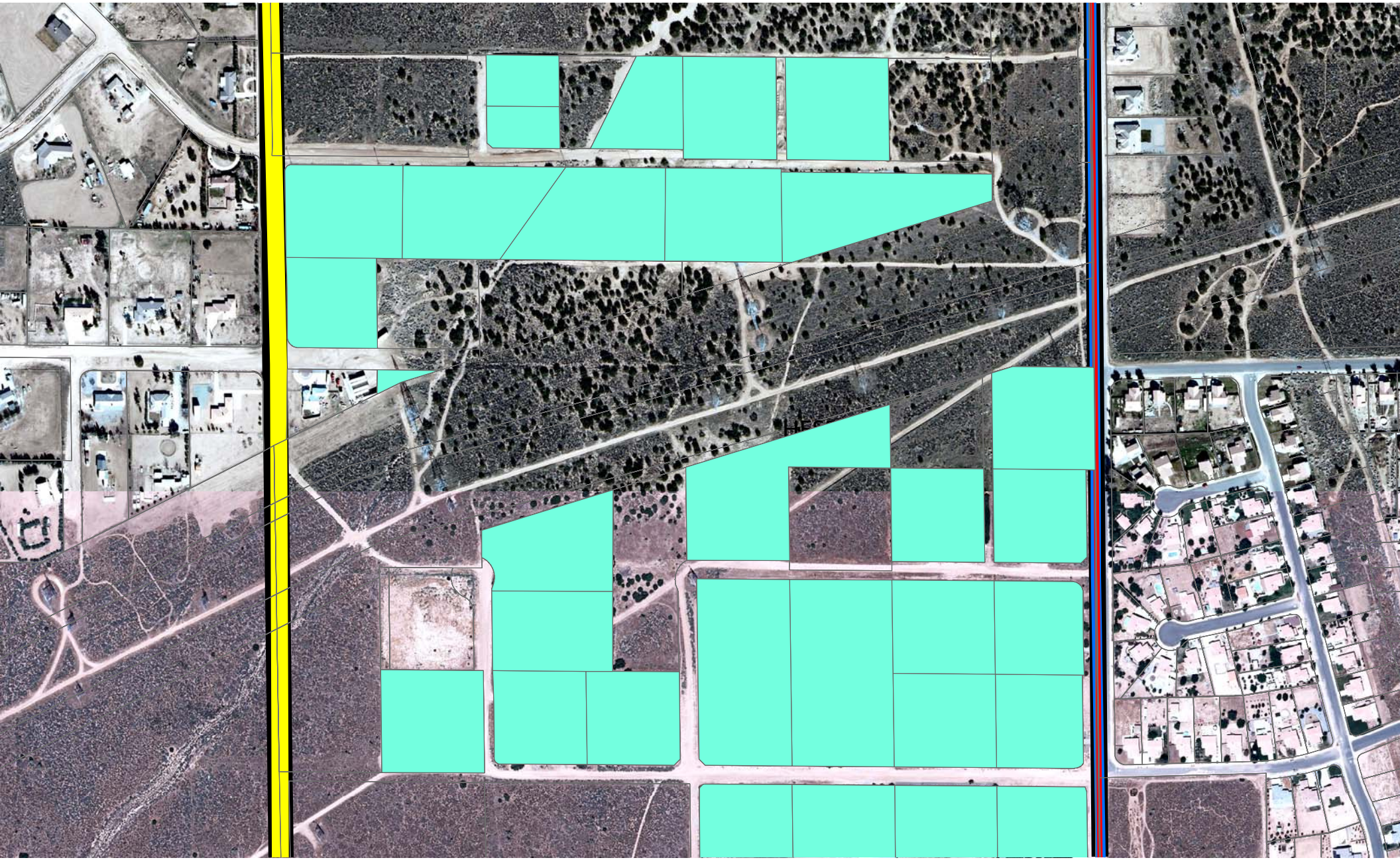
CSA 70 Zone J

City of Hesperia



AERIAL DETAIL 2: LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 7B)

- AREA 1 - Proposed Annexation/ Detachment Area
- Parcels Served by Hesperia Water District
- Parcels Served by CSA 70 Zone J
- Hesperia Water District
- CSA 70 Zone J
- City of Hesperia
- APN 0405-371-15



AERIAL DETAIL 3: LAFCO 3066 - Reorganization to include Annexation to the Hesperia Water District and Detachments from CSA 70 and its Zone J (MAP 7C)

AREA 1 - Proposed Annexation/ Detachment Area

Parcels Served by Hesperia Water District

Parcels Served by CSA 70 Zone J

Hesperia Water District

CSA 70 Zone J

City of Hesperia

ENTERPRISE FUND INSTALLMENT SALE AGREEMENT

by and between the

COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J,

as Purchaser

and the

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK,

as Seller

Dated as of November 25, 2003

Agreement No. CIEDB-03-049

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ENTERPRISE FUND INSTALLMENT SALE AGREEMENT

THIS ENTERPRISE FUND INSTALLMENT SALE AGREEMENT, made and entered into as of November 25, 2003 (the "Agreement"), by and between the COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J, a public body, corporate and politic duly organized and existing under the laws of the State of California, as purchaser (the "Purchaser"), and the CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (the "CIEDB"), duly organized and validly existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at section 63000 thereof) as now in effect and as it may from time to time hereafter be amended (the "Act"), as seller.

W I T N E S E T H:

WHEREAS, the Purchaser adopted a resolution authorizing the purchase from the CIEDB of a Project, as defined herein, evidenced by this Enterprise Fund Installment Sale Agreement (the "Agreement");

WHEREAS, the Purchaser hereby finds and determines that there will be significant public benefits accruing from such purchase;

WHEREAS, the CIEDB has authority under the Act to issue tax-exempt Bonds and to pledge its rights under this Agreement to secure such Bonds, and Purchaser acknowledges that the issuance of such Bonds impacts its rights and obligations as described herein, and Purchaser hereby agrees to adhere to the requirements contained in this Agreement necessary in order to maintain the tax-exempt status of the Bonds;

WHEREAS, all acts and proceedings required by law necessary to make this Agreement, when executed by the Purchaser and the CIEDB, the valid, legal and binding obligation of the Purchaser and the CIEDB, and to constitute this Agreement a legal, valid, and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution of this Agreement has been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context clearly otherwise requires, the capitalized terms in this Agreement shall have the respective meanings set forth below.

"Act" means the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at section 63000 thereof) as now in effect and as it may from time to time hereafter be amended.

"Additional Payments" means the payments made pursuant to Section 2.04(f).

"Agreement" means this Enterprise Fund Installment Sale Agreement, between the CIEDB and the Purchaser, as originally entered into and as amended pursuant to the provisions hereof.

"Bond Date" means the date when the Installment Payments and this Agreement are pledged as security for Bonds under an Indenture.

"Bonds" means any bonds issued by the CIEDB, the repayment of which is secured, in whole or in part, by this Agreement.

"Business Day" means any day, Monday through Friday, which is not a legal holiday of the State or the Trustee.

"Certificate of the Purchaser" means a request or certificate, in writing, signed by a duly authorized representative of the Purchaser.

"CIEDB" means the California Infrastructure and Economic Development Bank.

"CIEDB Annual Fee" means the fee payable to CIEDB pursuant to Section 2.04(f)(1).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto, and any regulations promulgated thereunder.

"Debt Service" means, for any Fiscal Year, the sum of interest, and principal due and payable under this Agreement during such Fiscal Year, the CIEDB Annual Fee for such Fiscal Year and any Parity Debt Service for such Fiscal Year.

"Enterprise Fund" means the water enterprise fund established by the Purchaser pursuant to Government Code section 25210.1 *et seq.* and in which all System Revenues are deposited and maintained by the Purchaser pursuant to Section 3.02 and in which the CIEDB has a security interest pursuant to the terms of this Agreement.

"Effective Date" means November 25, 2003, the date on which this Agreement becomes effective and binding on the Purchaser and the CIEDB.

"Event of Default" means any of the events described in Section 7.01.

"Fiscal Year" means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Purchaser as its official fiscal year period.

"Indenture" means any indenture providing for the issuance of Bonds.

"Independent Accountant" means any certified public accountant or firm of certified public accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Purchaser who, or each of whom:

(a) Is in fact independent and not under the control of the Purchaser or the CIEDB;

(b) Does not have any substantial interest, direct or indirect, in the Purchaser the CIEDB or the Project; and

(c) Is not connected with the Purchaser or the CIEDB as an officer or employee of the Purchaser or the CIEDB, but who may be regularly retained to make reports to the Purchaser or the CIEDB.

"Independent Consultant" means any consultant or firm of such consultants judged by the Purchaser to have experience in matters relating to the collection of System Revenues or other experience with respect to the financing of System projects, as appropriate, appointed and paid by the Purchaser who, or each of whom:

(a) Is in fact independent and not under the control of the Purchaser or the CIEDB;

(b) Does not have any substantial interest, direct or indirect, in the Purchaser or the CIEDB; and

(c) Is not connected with the Purchaser or the CIEDB as a member, officer or employee of the Purchaser, but who may be regularly retained to make reports to the Purchaser or the CIEDB.

"Installment Payments" means the principal and interest payments to be made by the Purchaser to the CIEDB in payment of the Purchase Price hereunder.

"Interest Payment Date" means February 1 and August 1 of every year in which the Purchase Price remains unpaid.

"Maximum Annual Debt Service" means as of the date of calculation, the greatest total Debt Service payable in any Fiscal Year during which this Agreement is in effect.

"Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Purchaser for maintaining and operating the System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the Purchaser that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the System and insurance premiums, and including all other reasonable and necessary costs of the Purchaser or charges required to be paid by it to comply with the terms hereof; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles and operations and maintenance costs paid from the proceeds of taxes, if any.

"Parity Debt" means any loan, bond, note, advance, installment sale agreement, capital lease or other evidence of indebtedness payable from and secured by a first lien on the Pledged

Net System Revenues on a parity with the Installment Payments and Additional Payments, issued or incurred pursuant to and in accordance with the provisions of Section 2.08.

"Parity Debt Instrument" means any additional loan, bond, note, advance, installment sale agreement, or other indebtedness or capital lease of the Purchaser payable from and secured by a lien on the Pledged Net System Revenues which is on parity to this Agreement and issued or incurred pursuant to and in accordance with the provisions of Section 2.08 and Section 6.01.

"Parity Debt Service" means, for any Fiscal Year, the sum of: (1) the interest due and payable during such Fiscal Year for all outstanding Parity Debt, assuming that principal thereof is paid as scheduled and that any mandatory sinking fund payments on any Parity Debt are made as scheduled; (2) that portion of the principal amount due on all outstanding Parity Debt maturing during such Fiscal Year; (3) that portion of the principal amount of all such outstanding Parity Debt required to be redeemed or paid (together with the redemption premiums, if any, thereof) during such Fiscal Year; and (4) annual fees, if any, under Parity Debt.

Parity Debt Service shall not include: (1) interest on Parity Debt which is to be paid from amounts constituting capitalized interest; or (2) interest on or principal of Parity Debt payable from the proceeds of any Parity Debt required to remain unexpended and to be held in escrow pursuant to the terms of a Parity Debt Instrument, provided that (i) projected interest earnings on such proceeds, plus such amounts, if any, deposited by the Purchaser in an account created for that purpose, are sufficient to pay the interest due on such portion of the Parity Debt so long as it is required to be held in escrow and (ii) the conditions for the release of such proceeds from escrow are substantially similar to those for the issuance of Parity Debt.

"Pledged Net System Revenues" means, for any Fiscal Year, all System Revenues received by the Purchaser for such Fiscal Year less the Operations and Maintenance Costs for such Fiscal Year.

"Project" means the public development facility to be sold by the CIEDB to the Purchaser pursuant to this Agreement, authorized by Government Code section 63010(q) and the Act and described in Exhibit D.

"Project Funds" mean the moneys provided by the CIEDB to the Purchaser, as agent for the CIEDB, pursuant to this Agreement to purchase and/or construct the Project for the CIEDB for sale to the Purchaser.

"Purchase Price" means the principal amount plus the interest thereon owed by the Purchaser to the CIEDB under the conditions and terms hereof for the payment of the costs of the Project and the incidental costs and expenses related thereto paid by the CIEDB.

"Purchaser" means the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J.

"Report" means a document in writing signed by an Independent Consultant or an Independent Accountant, and including:

(a) A statement that the person or firm making or giving such Report has read the pertinent provisions of this Agreement to which such Report relates;

(b) A brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) A statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"State" means the State of California.

"Subordinate Debt" means any loan, bond, note, advance, installment sale agreement, or other indebtedness or capital lease of the Purchaser payable from and secured by a lien on Pledged Net Systems Revenues which is subordinate to the Agreement.

"Subordinate Debt Instruments" means any additional loan, bond, note, advance, installment sale agreement, or other indebtedness or capital lease of the Purchaser payable from and secured by a lien on the Pledged Net System Revenues which are subordinate to this Agreement.

"System" means all County Service Area 70, Improvement Zone J water enterprise system facilities owned by the Purchaser, and all other properties, structures or works hereafter acquired and constructed by the Purchaser and determined to be a part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed.

"System Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Purchaser from the ownership or operation of the System, determined in accordance with generally accepted accounting principles, including all rates, fees and charges (including connection fees and charges) received by the Purchaser for the services of the System, and all other income and revenue howsoever derived by the Purchaser from the ownership or operation of the System or arising from the System, and also including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund, but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"Tax Certificate" means the tax certificate in the form set forth in Exhibit G executed and delivered by the Purchaser as of Effective Date and setting forth certain conditions, covenants, expectations and elections of the Purchaser with respect to the purchase in accordance with the Code.

SECTION 1.02. Rules of Construction. Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and vice versa. All references herein to particular articles or sections are references to articles or sections of this Agreement. The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meanings, construction or effect.

ARTICLE II

TERMS OF SALE

SECTION 2.01. Authorization. The CIEDB, pursuant to its resolution previously adopted, hereby agrees to sell to the Purchaser and the Purchaser, pursuant to resolution previously adopted in form substantially similar to Exhibit A, hereby agrees to purchase from the CIEDB the Project under and subject to the terms of this Agreement. This Agreement constitutes a continuing agreement between the Purchaser and the CIEDB to secure the full and final payment of the Purchase Price, subject to the covenants, agreements, provisions and conditions herein contained.

SECTION 2.02. Design, Acquisition, Construction and Sale of the Project. The CIEDB hereby agrees to design, acquire and construct the Project for, and to sell the Project to, the Purchaser. In order to implement this provision, the CIEDB hereby appoints the Purchaser as its agent for the purpose of such design, acquisition and construction; and the Purchaser hereby agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the CIEDB, to provide the complete design, acquisition and construction of the Project. The Purchaser hereby agrees that as such agent it will cause the acquisition and construction of the Project to be diligently completed. The CIEDB hereby agrees to sell, and hereby sells, the Project to the Purchaser. The Purchaser hereby agrees to purchase, and hereby purchases, the Project from the CIEDB. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the CIEDB shall be, except as expressly provided herein, under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the Purchaser (whether as agent for the CIEDB or otherwise) for the engineering, design, acquisition or construction of the Project and that all such costs and expenses shall be paid by the Purchaser, regardless of whether Project Funds are sufficient to cover all such costs.

SECTION 2.03. Payment of Purchase Price; Term; Interest Rates; Bond Date.

(a) The Purchase Price to be paid by the Purchaser to the CIEDB hereunder is the sum of the principal amount of the Purchaser's obligation hereunder plus the interest from the date funds are disbursed over the term hereof, subject to prepayment as provided in Section 2.05. Interest shall accrue on disbursed amounts prior to the Bond Date and on the entire principal balance, whether or not disbursed, from the Bond Date forward.

(b) For purposes of this Agreement:

(1) The principal amount of the Purchase Price to be paid by the Purchaser to the CIEDB hereunder is two million, four hundred thousand dollars ($2,400,000).

(2) The term of this Agreement is thirty (30) years from the Effective Date.

(3) The interest rate is three and nine hundredths percent (3.09%) per annum on and after the Bond Date.

(c) Installment Payments of principal and interest shall be as set forth in the amortization schedule of Exhibit E hereto. The interest only period shall be in effect through July 31, 2005. The first principal payment shall be due August 1, 2005.

(1) Prior to the Bond Date, interest only payments will be based upon the amount of Project Funds disbursed.

(2) Commencing on the Bond Date, interest only payments will be based upon the total principal component of the Purchase Price, including the amounts not disbursed, using an interest rate of three and nine hundredths percent (3.09%) per annum. Purchaser shall receive a credit against interest owed based upon the actual interest earned by the CIEDB at a rate of up to three and nine hundredths percent (3.09%) per annum (net of rebatable arbitrage) on the undisbursed Project Funds.

(d) Commencing on the day following the end of the interest only period, the principal component of the Purchase Price shall be fully amortized over the remaining term of this Agreement. If any portion of the principal of the Purchase Price is prepaid in part pursuant to Section 2.05 hereof, the schedule of the principal payments shall be modified to reflect such partial prepayment.

(e) The obligation of the Purchaser to pay the Purchase Price by paying the Installment Payments and Additional Payments is, subject to Section 4.07, absolute and unconditional; and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made as provided in Section 8.05), the Purchaser shall not discontinue or suspend any Installment Payments or Additional Payments required to be paid by it under this Agreement when due, whether or not the Project or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part; and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

SECTION 2.04. Disbursement of Project Funds; Additional Payments.

(a) Project Funds shall be disbursed solely upon receipt by the CIEDB of invoices documenting, to the satisfaction of the CIEDB, that the Purchaser has incurred costs that constitute both reasonable and necessary components of the Project and which are consistent with the cost categories, amounts and requirements described in Exhibit D hereto; provided, however, that no disbursements shall be approved until and unless the Purchaser has complied with the conditions precedent to disbursement set forth in Exhibit C hereto, and, no invoice shall be dated prior to the Effective Date.

(b) The total cumulative amount of such disbursements shall not exceed the total principal amount of the Purchase Price.

(c) Purchaser must both: (1) begin Project construction no later than twelve months after July 22, 2003; and (2) submit invoices to the CIEDB for the entire amount of the Project Funds no later than thirty-five (35) months after the Effective Date. If the Purchaser fails to meet either of these conditions, the CIEDB may unencumber any and all undisbursed Project

Funds and the unencumbered amounts shall henceforth not be available to the Purchaser. If the Purchaser fails to meet the thirty-five (35) month requirement, the CIEDB may elect to hold any or all undisbursed funds and apply such funds to the outstanding principal balance of the Purchase Price or, if after the Bond Date, the optional redemption of Bonds in accordance with the Indenture (in which event the principal amount of the Purchase Price shall be reduced by the principal amount of Bonds so redeemed.

(d) Notwithstanding any contrary provisions of this Agreement or any related documents, under no circumstances will the CIEDB be obligated to make disbursements in excess of the lesser of (i) actual Project costs incurred in connection with the completion of the Project or (ii) two million, four hundred thousand dollars ($2,400,000).

(e) Interest shall be calculated on the basis of a 360-day year of twelve 30-day months. Any installment of principal or interest that is not paid when due shall continue to accrue interest at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law from and including the Interest Payment Date with respect to which such principal or interest is payable to but not including the date of actual payment.

(f) The Purchaser shall pay Additional Payments to the CIEDB as follows:

(1) A payment of the CIEDB Annual Fee on August 1 of each year during the term of this Agreement in an amount equal to three tenths of one percent (.3%) of the outstanding principal component of the remaining Installment Payments as of each August 1 as set forth in Exhibit E; and

(2) Amounts in each year as shall be required by the CIEDB for the payment of extraordinary expenses of the CIEDB in connection with an Event of Default, the enforcement of this Agreement or any amendments hereto requested by the Purchaser, including all expenses, fees of accountants, trustees, attorneys, litigation costs, insurance premiums and all other extraordinary costs of the CIEDB. Extraordinary expenses and extraordinary costs are those expenses and costs related to this Agreement in excess of ordinary and customary expenses and costs incurred as part of the CIEDB Annual Fee pursuant to Section 2.04(f)(1). Such Additional Payments shall be billed by the CIEDB from time to time, together with a statement certifying that the amount so billed has been paid by, or will be paid by, the CIEDB for one or more of the items above described, or that such amount is then payable by the CIEDB for such items; and

(3) Purchaser shall deposit the CIEDB Annual Fee with the CIEDB not later than August 1 of each year and Purchaser shall pay to the CIEDB the amount billed pursuant to subsection (2) and (3) within thirty (30) days after mailing of the bill by the CIEDB. Any amounts not promptly paid shall accrue interest at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.

(g) A one-time sale origination fee in an amount equal to twenty thousand, four hundred dollars ($20,400) shall be due and payable by the Purchaser upon initial disbursement of Project Funds.

(h) All payments hereunder shall be payable by the Purchaser in immediately available funds which constitute lawful money of the United States of America. Such payments

shall be secured, and amounts for the payment thereof shall be deposited with the CIEDB as set forth in Article III.

(i) Upon receipt of a written request for disbursement, the CIEDB will disburse Project Funds to the Purchaser no more than once a month and only after specific compliance with Exhibit C conditions precedent and only after the Purchaser presents evidence that a Project cost has been incurred. All requests for payment shall be accompanied by information and documentation as may be required by the CIEDB to determine the amount of Project Funds to be disbursed. In addition, all requests for payment shall be accompanied by a certification by the Purchaser that (i) the Project Funds requested are for eligible Project costs, as defined in the Act, CIEDB guidelines and this Agreement, (ii) incurred in the amounts and for the purposes represented, (iii) that the work or materials for which payment has been requested are satisfactory and (iv) no Event of Default has occurred and is continuing. The CIEDB will provide the Purchaser with a description of the documentation required for payment. Further, not more than ninety percent (90%) of each invoice payable from Project Funds designated for construction shall be disbursed until the CIEDB receives a recorded notice of completion for the Project or other evidence of completion satisfactory to the CIEDB and the Purchaser has met all conditions precedent to final disbursement set out in Exhibit C; provided however, if the Purchaser demonstrates to the satisfaction of the CIEDB that the Purchaser is obliged by law to make payments to certain construction contractors of one hundred percent (100%) of invoiced amounts or to establish a retention fund for final payment for certain contractors, the CIEDB shall disburse Project Funds in the amount required by law.

SECTION 2.05. Prepayment and Reduction in Project Funds.

(a) Optional Prepayment. Prior to the Bond Date, the principal amount of the Purchase Price shall be subject to optional prepayment in whole or in part at any time, without premium, together with accrued interest thereon and any Additional Payments owed to the CIEDB. On or after the Bond Date, optional prepayment of principal amounts of the Purchase Price shall be permitted if at all only as set forth in the Indenture and may include a prepayment premium.

(b) Notice of Prepayment. Prior to the Bond Date, the Purchaser shall be required to give the CIEDB written notice of its intention to prepay the Purchase Price at least forty-five (45) days prior to the date of the requested prepayment, and shall transfer to the CIEDB all amounts required for such prepayment no later than the date fixed for such prepayment, which in no case shall be after the Bond Date. On or following the Bond Date, notice and transfer of optional prepayments shall be as set forth in the Indenture.

(c) Notice of Bond Date; Prepayment after Notice of Bond Date. At least ninety (90) days prior to the expected Bond Date, the CIEDB shall send notice to the Purchaser providing the Purchaser with the option of converting to new payment terms as of the Bond Date, as those terms are described in Section 2.03, or pre-paying the Purchase Price or reducing the Project Funds pursuant to Section 2.05. The Purchaser shall notify the CIEDB no less than forty-five (45) days prior to the expected Bond Date if it intends to prepay the Purchase Price or reduce the principal amount of the Purchase Price through the unencumbrance of Project Funds as described in Section 2.05(d), otherwise the terms for payment of the Purchase Price will be converted to the new terms described in Section 2.03.

(d) Reduction in Project Funds. If (i) at least forty-five (45) days prior to the Bond Date the Purchaser requests a reduction in the principal amount of the Purchase Price, or (ii) the CIEDB unencumbers Project Funds as provided in Section 2.04(c), such amounts shall be deducted from the Purchase Price, shall no longer constitute Project Funds and shall no longer be available to the Purchaser; provided, that no such request pursuant to subsection (i) of this subsection shall be approved unless the costs of completing the Project have been adequately provided for in the sole discretion of the CIEDB. Following any reduction in Project Funds, the CIEDB shall provide the Purchaser with an updated amortization schedule using the new Purchase Price. The CIEDB shall amend this Agreement to reflect the lower amount. Any reduction in Project Funds shall not affect the obligation of the Purchaser to complete the Project.

SECTION 2.06. Encumbrance of Project Funds. The CIEDB hereby encumbers the amount of two million, four hundred thousand dollars ($2,400,000) as Project Funds.

SECTION 2.07. Reserved.

SECTION 2.08. Parity Debt.

(a) The Purchaser may after the Effective Date issue or incur Parity Debt in such principal amount as shall be determined by the Purchaser subject to the requirements for additional obligations as set forth in all Parity Debt Instruments and the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this section, provided that to the extent that a Parity Debt Instrument conflicts with any of the requirements set forth in this Section 2.08, the more restrictive provision shall prevail:

(1) No Event of Default hereunder, under any Parity Debt Instrument, Subordinate Debt Instrument or under any other instrument secured by System Revenues shall have occurred and be continuing, and the Purchaser shall otherwise be in compliance with all covenants set forth in this Agreement; and

(2) Pledged Net System Revenues calculated on generally accepted accounting principles, and excluding any balances in any fund (other than the rate stabilization fund) at the beginning of the period of the computation, as shown by the books of the Purchaser for the latest Fiscal Year, or any more recent twelve month period selected by the Purchaser ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Debt is issued or incurred, as shown by the books of the Purchaser, plus, at the option of the Purchaser, either or both of the items below designated in subsections (b)(1) and (b)(2), shall have amounted to at least 1.10 times the Maximum Annual Debt Service taking into consideration the annual debt service payable in any Fiscal Year on the proposed Parity Debt, as set forth in the Report of an Independent Accountant or Independent Consultant delivered to the CIEDB.

(b) Either or both of the following items may be added to Pledged Net System Revenues for the purpose of applying the restriction contained in subsection (a)(2) above:

(1) An allowance for increased System Revenues from any additions to or improvements or extensions of the System to be made with the proceeds of such Parity

Debt, and also for System Revenues from any such additions, improvements, or extensions which have been made from moneys from any source but which, during all or any part of such Fiscal Year or any more recent twelve month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual System Revenues to be derived from such additions, improvements, and extensions for the first thirty-six (36)-month period following closing of the proposed Parity Debt, all as shown in the Report of an Independent Accountant or Independent Consultant delivered to the CIEDB; and/or

(2) An allowance for increased System Revenues arising from any increase in the charges made for service from the System which has become effective prior to the incurring of such Parity Debt but which, during all or any part of such Fiscal Year or any more recent twelve month period, was not in effect in an amount equal to one hundred percent (100%) of the amount by which System Revenues would have been increased if such increase to charges had been in effect during the whole of such time period and any period prior to the incurring of such Parity Debt, as shown in the Report of an Independent Accountant or Independent Consultant delivered to the CIEDB.

(c) For purposes of making the calculations set forth in subsection (a)(2):

(1) If any Parity Debt includes capital appreciation bonds, then the accreted value payment thereof shall be deemed a principal payment and interest that is compounded and paid as accreted value shall be deemed due on the scheduled redemption or payment date of such capital appreciation bond;

(2) If any Parity Debt includes interest payable pursuant to a variable interest rate formula, the variable interest rate portion of such Parity Debt for periods when the actual interest rate cannot yet be determined, shall be assumed to be the maximum interest rate under the Parity Debt.

SECTION 2.09. Reserved.

SECTION 2.10. Purchaser's Payment of Project Costs. The Purchaser agrees to pay any and all costs connected with the Project, including, without limitation, any and all Project costs as defined in the Act exceeding the CIEDB approved amount, and the Purchaser shall not be relieved of its obligation even if the CIEDB reduces the Purchase Price pursuant to any provision hereunder.

SECTION 2.11. Validity of Agreement. The validity of this Agreement shall not be dependent upon the completion of the Project or upon the performance by any person of his or her obligation with respect to the Project.

SECTION 2.12. Project Description. The Project shall be known as the County Service Area 70-Zone J Water Transmission and Storage Project. The Project is more particularly described in Exhibit D hereto.

SECTION 2.13. Reasonable Cost of Eligible Project. The reasonable cost of the eligible Project is estimated to be three million, seven hundred thirty two thousand dollars, ($3,732,000) of which a portion valued at two million, four hundred thousand dollars

($2,400,000) shall be purchased hereunder, and the remainder shall be financed as set forth in Exhibit D hereto.

SECTION 2.14. Withholding of Project Funds.

(a) The CIEDB may withhold all or any portion of the Project Funds prior to the Bond Date in the event that:

(1) The Purchaser has substantially violated any of the terms, provisions, conditions or commitments of this Agreement, or if an Event of Default has occurred; or

(2) The Purchaser is unable to demonstrate, to the satisfaction of the CIEDB, the ability to complete the Project or to maintain adequate progress toward completion thereof.

(b) In the event that Project Funds are withheld from the Purchaser, the CIEDB shall notify the Purchaser of the reasons and advise the Purchaser that the Purchaser has thirty (30) days in which to remedy the failure or violation.

(c) If Project Funds are withheld pursuant to this section, the Purchaser hereby acknowledges and agrees that the CIEDB shall have the right to unencumber undisbursed funds under this Agreement.

ARTICLE III

PLEDGE OF REVENUES; APPLICATION OF FUNDS

SECTION 3.01. Pledge of Pledged Net System Revenues and Enterprise Fund. The Installment Payments and Additional Payments and all Parity Debt shall be equally secured by a pledge of and first lien on all of the Pledged Net System Revenues and all amounts in the Enterprise Fund, without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. The Pledged Net System Revenues and all amounts in the Enterprise Fund are hereby pledged in their entirety to the payments required by Section 3.02. The Pledged Net System Revenues and all amounts in the Enterprise Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Purchaser.

Neither the Installment Payments, the Additional Payments nor this Agreement is a debt of the CIEDB, the State or any of its political subdivisions (other than the Purchaser) and neither the CIEDB, the State nor any of its political subdivisions (other than the Purchaser) is liable thereon, nor in any event shall the Installment Payments or the Additional Payments be payable out of any funds or properties other than Pledged Net System Revenues of the Purchaser and amounts in the Enterprise Fund as provided herein.

SECTION 3.02. Enterprise Fund; Payments. In order to carry out its obligation to pay the Installment Payments and Additional Payments, the Purchaser agrees and covenants that it shall maintain the Enterprise Fund. All System Revenues received by it shall be deposited when

and as received in trust in the Enterprise Fund and shall be applied and used only as provided herein: the Purchaser shall pay all Operations and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operations and Maintenance Costs the payment of which is not then immediately required) from the Enterprise Fund as they become due and payable, and all remaining money on deposit in the Enterprise Fund shall then be used to pay Section 3.03 amounts. After making all the set asides and payments hereinabove required to be made in each Fiscal Year, the Purchaser may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Purchaser. The Purchaser agrees and covenants to maintain the Enterprise Fund so long as any portion of the Purchase Price remains unpaid.

SECTION 3.03. Amounts Payable from the Enterprise Fund. The Purchaser shall promptly pay to the CIEDB the following amounts at the following times:

(a) Interest/Principal Payments. The principal portion of the Installment Payments is due at the CIEDB by August 1 of each year, as set forth on the Exhibit E amortization schedule. The interest portions of Installment Payments are due at the CIEDB by each Interest Payment Date.

(b) Additional Payments. The Purchaser shall promptly pay to the CIEDB Additional Payments due pursuant to Section 2.04 (f).

(c) Parity Debt. The Purchaser shall promptly pay to the holder of any Parity Debt the amount of Parity Debt Service as that amount becomes due and payable on Parity Debt.

SECTION 3.04. Commingling of Accounts. The CIEDB may commingle any amounts in any of the funds and accounts held hereunder with any other amounts held by the CIEDB for purposes of making any deposit or investment, provided that the CIEDB shall maintain separate accounting procedures for the investment of all funds held hereunder. The value of investments credited to such fund shall be calculated at the cost thereof (excluding accrued interest).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

SECTION 4.01. Organization; Authority. The Purchaser is duly organized and existing as a municipal corporation under the laws of the State and has all necessary power and authority to enter into and perform its duties (including the authority to set rents, rates and charges and to pledge the Pledged Net System Revenues) under this Agreement.

SECTION 4.02. Agreement Valid and Binding. This Agreement has been duly authorized, executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

SECTION 4.03. No Conflict in Execution of Agreement. The execution and delivery by the Purchaser of this Agreement and compliance with the provisions hereof will not conflict

with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, by-law or any agreement to which the Purchaser is subject or by which it is bound or by which its properties may be affected.

SECTION 4.04. No Litigation. There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Purchaser to restrain or enjoin the execution or delivery of this Agreement, or in any way contesting or affecting the validity of this Agreement, or contesting the powers of the Purchaser to enter into or perform its obligations under this Agreement, including the pledge of Pledged Net System Revenues.

SECTION 4.05. No Breach or Default. The Purchaser is not in breach of or in default under any applicable law or administrative regulation of the State or the United States, the Constitution of the State (including article XVI, section 18 thereof), any applicable judgment or decree, any agreement, indenture, bond, note, resolution, agreement or other instrument to which the Purchaser is a party or is otherwise subject which would have a material adverse impact on the Purchaser's ability to perform its obligations under this Agreement and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

SECTION 4.06. No Consent, Approval or Permission Necessary. No consent or approval of any trustee or holder of any indebtedness of the Purchaser, and no consent, permission, authorization, order or licenses of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement or the consummation of any transaction contemplated herein, except as have been obtained or made and as are in full force and effect.

SECTION 4.07. Pledged Funds; Limited Obligation. The Purchaser expects that in each Fiscal Year Pledged Net System Revenues will equal or exceed the current Fiscal Year's payments due under this Agreement, and such payments will be treated as paid from current Pledged Net System Revenues. The Purchaser shall have no obligation to use any funds other than the Pledged Net System Revenues and amounts in the Enterprise Fund, directly or indirectly, to pay principal of or interest on the Purchase Price and Additional Payments; nor are any funds other than the Pledged Net System Revenues and amounts in the Enterprise Fund so pledged as security for the payment of the Installment Payments and Additional Payments.

SECTION 4.08. Pledge and First Lien. The pledge of the Pledged Net System Revenues and amounts in the Enterprise Fund constitute a valid pledge of and a first lien on all of the Pledged Net System Revenues and amounts in the Enterprise Fund.

SECTION 4.09. Information Submitted to the CIEDB. The information relating to the Purchaser and its System submitted by the Purchaser to the CIEDB, including, but not limited to, all information in the application for Project Funds was true at the time submitted to CIEDB and as of the Effective Date, remains true and correct in all material respects; and such information did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

SECTION 4.10. Financial Statements of the Purchaser. The Purchaser's financial statements furnished to the CIEDB have been prepared in conformity with generally accepted accounting principles and fairly present in all material respects the financial condition of the Purchaser as of the date thereof and the results of its operations for the period covered thereby. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Purchaser since the date of such financial statements.

SECTION 4.11. Notification to the CIEDB. The Purchaser agrees to notify the CIEDB, immediately, by telephone promptly confirmed in writing, if any representation made herein shall at any time so long as the Agreement is outstanding prove untrue or incorrect in any manner.

SECTION 4.12. Licenses, Permits and Approvals for Operation of System. The Purchaser has obtained or will obtain all licenses, permits and approvals from any governmental agency or authority having jurisdiction over the Purchaser now required for the operation of the System and will obtain all licenses, permits and approvals as required in the future.

SECTION 4.13. Project Completion.

(a) The Project consists and will consist of the facilities described in Exhibit D and the Purchaser shall make no changes thereto or to the operation thereof which would affect the qualification of the Project as a "public development facility" within the meaning of the Act or the qualifications of the Project for tax-exempt financing under the Code.

(b) The Purchaser, upon completion of the Project, will have good and valid title to the Project sufficient to carry out the purposes of this Agreement.

(c) The Purchaser intends to utilize the Project or cause the Project to be utilized as a "public development facility" within the meaning of the Act.

(d) The Project will be located wholly within the corporate limits of the San Bernardino County, California.

(e) To the best of the Purchaser's knowledge no officer or official of the CIEDB has any material interest whatsoever in the Project or in the transactions contemplated by this Agreement.

(f) All applicable local governmental agency, State and federal government certificates, approvals, permits and authorizations with respect to the construction of the Project have been obtained or will be obtained as soon as practicable.

SECTION 4.14. Existing Obligations. As of the Effective Date, there is no other debt secured by the Purchaser's Pledged Net System Revenues.

ARTICLE V

AFFIRMATIVE COVENANTS OF THE PURCHASER

SECTION 5.01. Punctual Payment. The Purchaser will punctually pay, or cause to be paid, all payments required hereunder in strict conformity with the terms of this Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement.

SECTION 5.02. Payment of Claims. The Purchaser from time to time will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies, which, if unpaid, might become liens or charges upon the properties owned by the Purchaser, including the System, or upon the System Revenues or any part thereof, or upon any funds in the hands of the CIEDB, or which might impair the security for the payment of the Installment Payments or Additional Payments. Nothing herein contained shall require the Purchaser to make any such payment so long as the Purchaser in good faith shall contest the validity of said claims.

SECTION 5.03. Books and Accounts; Financial Statements.

(a) The Purchaser will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the CIEDB or its designee.

The Purchaser shall provide the CIEDB with any continuing disclosure certificates required by any Parity Debt Instrument. To the extent that any continuing disclosure certificates provide the information required in subsections (b) through (e), the Purchaser shall not be obliged to provide separate statements setting forth the required information.

(b) The Purchaser will prepare and file with the CIEDB annually as soon as practicable, but in any event not later than two hundred ten (210) days after the close of each Fiscal Year, so long as this Agreement has not been discharged by the CIEDB, an audited financial statement of the Purchaser relating to the System Revenues and Enterprise Fund for the preceding Fiscal Year, prepared by an Independent Accountant. The Purchaser will furnish to the CIEDB such reasonable number of copies of such audited financial statements as may be required by the CIEDB for distribution (at the expense of the Purchaser).

(c) Simultaneously with the delivery of the annual audited financial statements, the Purchaser will deliver to the CIEDB a Certificate of the Purchaser stating the following:

(1) The number of System users as of the end of the Fiscal Year;

(2) Calculation of the coverage ratios described in Section 5.06 and a certification that adopted rates and charges comply with the requirements of that section;

(3) Notification of the withdrawal of any System user generating four percent (4%) or more of System Revenues since the last reporting date;

(4) Any significant System facility retirements or expansions planned or undertaken since the last reporting date;

(5) Notification of any Parity Debt or Subordinate Debt incurred since the last reporting date and certification that there has been no default or noncompliance under any obligation secured by System Revenues;

(6) Certification that no Event of Default has occurred and no event has occurred which, with the passing of time or the giving of notice or of both, would constitute an Event of Default; and

(7) Notification of any other event or circumstance that would materially affect completion of the Project and/or payment of the Purchase Price.

(d) The Purchaser shall, upon request, furnish to the CIEDB, in a format provided by the CIEDB, information concerning employment and other public benefits connected to the Project.

(e) The Purchaser shall notify the CIEDB forthwith upon the filing of a stop notice, litigation or any other legal proceeding which may impact the completion of the Project.

SECTION 5.04. Protection of Security and Rights. The Purchaser will preserve and protect the security for payment of the Installment Payments, Additional Payments and the rights of the CIEDB. From and after the Effective Date, the Agreement shall be incontestable by the Purchaser.

SECTION 5.05. Payments of Taxes and Other Charges. The Purchaser will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges, or charges in lieu thereof, which may hereafter be lawfully imposed upon the Purchaser, the System or the System Revenue when the same shall become due. Nothing herein contained shall require the Purchaser to make any such payment so long as the Purchaser in good faith shall contest the validity of said taxes, assessments or charges. The Purchaser will duly observe and conform to all valid requirements of any governmental authority relative to the System or any part thereof.

SECTION 5.06. Maintenance of System Revenues.

(a) The Purchaser will fix, charge and collect, or cause to be fixed, charged and collected, in each Fiscal Year, such rates and charges for the use of and for the service furnished by the System so that Pledged Net System Revenues are in an amount which will be sufficient to be at least equal to one hundred ten percent (110%) of annual Debt Service for such Fiscal Year.

(b) If for any reason Pledged Net System Revenues prove insufficient to comply with the requirements of subsection (a), the Purchaser agrees to increase System Revenues through increased rents, rates, fees, charges, and/or assessments not later than one hundred eighty (180) days following the date on which Pledged Net System Revenues fail to meet those requirements. The Purchaser may make adjustments from time to time in such rents, rates, fees and charges and may make such classification thereof as it deems necessary, but shall

not reduce the rents, rates, fees, and charges then in effect unless the Pledged Net System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this section.

SECTION 5.07. Tax Covenant. The Purchaser recognizes that the Project Funds consist of proceeds of a tax-exempt financing program. In order to maintain the tax-exempt status of the financing, the Purchaser will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds, and the Purchaser specifically agrees to comply with all terms and conditions contained in the Tax Certificate.

The provisions of this Section 5.07 shall survive the discharge of the Purchaser's obligations hereunder and shall apply to any trustee or other successor or assignee described in Section 8.02.

SECTION 5.08. Operation of System. The Purchaser will, so long as any portion of the Purchase Price is unpaid, maintain and operate the System in good condition, repair and working order, and will operate the System in an efficient and economical manner, and will pay all Operations and Maintenance Costs as they become due and payable. The Purchaser shall ensure that all activities undertaken by the Purchaser with respect to the operation of the System are undertaken and accomplished in conformity with all applicable requirements of law.

SECTION 5.09. Assumption of Agreement. The obligations of the Purchaser under this Agreement may not be assumed by another entity except in connection with a transfer of the entire System by the Purchaser and only upon prior written approval of the CIEDB and receipt by the CIEDB of:

(a) An opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by this Agreement, and approved by the CIEDB, to the effect that such transfer would not cause interest on the obligations to be included in gross income for federal income tax purposes;

(b) A Report signed by an Independent Consultant or Independent Certified Accountant concluding that such transfer would not materially adversely affect the security for the Installment Payments, Additional Payments or the rights of the CIEDB; and

(c) Evidence satisfactory to the CIEDB that the entity assuming the Purchaser's obligation hereunder is eligible pursuant to the Act.

SECTION 5.10. Completion of Project; Construction Contracts.

(a) The Purchaser shall ensure that all activities undertaken with respect to the completion of the Project are undertaken and accomplished with due diligence and in conformity with all requirements of the Act and other applicable law.

(b) All construction contracts shall be let to the lowest responsible bidder at a fixed price subject to increase only for allowable extra work, change orders approved by the Purchaser, and damages or delays authorized by the laws of the State. The Purchaser shall not approve any change orders cumulatively resulting in an increase in Project costs of more than

five percent (5%) of the original construction contract amount without having funds committed for the increased Project costs.

(c) The Purchaser shall notify the CIEDB forthwith upon the filing of a stop notice, litigation or any other legal proceeding which may impact the completion of the Project.

SECTION 5.11. Payment from Tax-Exempt Debt. The Purchaser hereby covenants to notify the CIEDB at least forty-five (45) days before making any repayment or prepayment of this Agreement from the proceeds of any tax-exempt debt incurred by the Purchaser that is otherwise permitted by Section 2.08.

SECTION 5.12. Further Assurances. The Purchaser will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably required by the CIEDB as necessary or proper to carry out the intention or to facilitate the performance of this Agreement and for the better assuring and confirming unto the CIEDB of the rights and benefits provided in this Agreement.

SECTION 5.13. Agreement to Complete.

(a) The Purchaser agrees that it will acquire, construct or install the Project, and construct, acquire and install other facilities and real and personal property deemed by the Purchaser necessary for the operation of the Project. The Purchaser may supplement or amend the Project description with written approval from the CIEDB from time to time, provided that no such supplement or amendment shall cause the Project or any portion thereof to fail to constitute a "project" within the meaning of the Act.

(b) At any time, upon request of the CIEDB, the Purchaser agrees to make available to the CIEDB for review and copying all then current plans and specifications for the Project. The Purchaser may identify any proprietary information in such plans and specifications and, to the extent legally permissible, the CIEDB agrees to keep such information confidential.

(c) As soon as the Project is completed, the Purchaser shall evidence such completion by providing a certificate to the CIEDB stating that (i) construction of the Project has been completed substantially in accordance with the final plans and specifications therefor and all labor, services, materials and supplies used in construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the final plans and specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Purchaser against third parties for the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

SECTION 5.14. Collection of Rates, Fees and Charges. The Purchaser will have in effect at all times rules and regulations requiring each user of the System to pay the rates, fees and charges applicable to the services provided by the System to each user. The Purchaser will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State and any city, county, district, political subdivision, public corporation or

agency of any thereof); provided, that the Purchaser may without charge use the services provided by the System.

SECTION 5.15. Purchaser's General Responsibility. The Purchaser is solely responsible for the design, construction, operation and maintenance of the Project. Any review or approval of plans, specifications, bid documents or other construction documents by the CIEDB is solely for the purpose of proper administration of Project Funds by the CIEDB and shall not be deemed to relieve or restrict the Purchaser's responsibility or result in any duty, obligation or responsibility on the part of the CIEDB or the officers and agents thereof.

SECTION 5.16. Purchaser's Assurances and Commitments.

(a) Compliance with Laws and Regulations. The Purchaser shall at all times comply and require its contractors and subcontractors to comply with all applicable federal and State laws, rules and regulations, and all applicable local ordinances, specifically including, but not limited to, prevailing wage, environmental, procurement and safety laws, rules, regulations, and ordinances. Purchaser agrees that its failure to act in accordance with the provisions of this subsection (a) will not result in any duty, obligation or responsibility on the part of the CIEDB or the officers and agents thereof.

(b) Archeological or Historical Resources. Should a potential archeological or historical resource be discovered during construction, the Purchaser agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and the Purchaser has determined appropriate actions regarding preservation of the resource.

(c) Construction Activities. The Purchaser shall assure that adequate supervision and inspection of Project construction activities are maintained. The CIEDB reserves the right to conduct an audit of Purchaser's construction expenditures during construction and for up to three years following receipt by CIEDB of notice of completion or other evidence of completion satisfactory to CIEDB. The CIEDB, at its discretion, may require the Purchaser to conduct an interim and/or a final audit at the Purchaser's expense, such audit to be conducted by and a report prepared by an Independent Accountant.

SECTION 5.17. Project Access. The Purchaser shall assure that the CIEDB or its designee will have suitable access to the Project site at all reasonable times so long as the Purchase Price remains unpaid and shall include provisions assuring such access in all contracts and subcontracts relating to the Project.

SECTION 5.18. Operation and Maintenance of the Project. The Purchaser agrees to commence operation of the Project upon completion of construction. The Purchaser covenants and agrees that it will operate and maintain the Project in accordance with all governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the Purchaser. The Purchaser further covenants and agrees that it will maintain and operate the Project and will maintain and operate the same, now or hereafter at any time constituting part of the Project, in good repair, working order and condition, and that it will from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements, in each case to the extent necessary so that the efficiency and value of the Project shall not be impaired.

SECTION 5.19. Performance and Payment Bonds.

(a) The Purchaser shall require its contractor to certify under penalty of perjury, and provide the Purchaser with a copy of such certification, which shall be available for the CIEDB's inspection if requested, that a bond or bonds by one or more authorized surety companies satisfactory to the Purchaser has been obtained; surety companies must be authorized to do business in California and have an agent for service of process in California. The Purchaser shall require that the Purchaser be named as an additional payee on the performance and payment bonds required herein and shall provide the CIEDB with a copy of the bonds to that effect.

(b) Said bond shall be in the amounts and for the following purposes: (i) an amount not less than one hundred percent (100%) of the total estimated cost of the Project construction contract amount conditioned upon the faithful performance of the terms of this Agreement including the maintenance of the work for a period of one year from the date of final acceptance of work or improvements by the Purchaser against any defective work or labor done, or defective materials furnished, and (ii) an additional amount not less than one hundred percent (100%) of the estimated cost of the Project securing payment to the subcontractors and to persons renting equipment or furnishing labor or materials to them for the Project.

SECTION 5.20. Continuing Disclosure. Upon the request of the CIEDB, the Purchaser covenants to furnish certain financial and operating data pertaining to the Purchaser that may be required to either: (i) enable the CIEDB to secure an Indenture by this Agreement and issue any Bonds; or (ii) enable any underwriter to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission in connection with the Bonds. The Purchaser further covenants to provide the CIEDB with copies of all continuing disclosure reports concerning the Purchaser required by the terms of any financing other than this Agreement, including reports required to be filed in order to comply with Rule 10b-5 or Rule 15c2-12, and to send such reports to the CIEDB at the same time such reports are sent to any dissemination agent, trustee, nationally recognized municipal securities information repository or other person.

SECTION 5.21. Notice of Event of Default. The Purchaser covenants that it will deliver to the CIEDB, immediately after the Purchaser shall have obtained knowledge of the occurrence of an Event of Default or a failure as described in Section 7.01(a)(2), the written statement of an authorized officer of the Purchaser setting forth the details of such Event of Default or failure and the action which the Purchaser proposes to take with respect thereto.

SECTION 5.22. Maintenance of Insurance. The Purchaser will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with water systems similar to the System. The Purchaser shall annually provide a Certificate of the Purchaser to the CIEDB certifying that such insurance is in effect. In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Purchaser shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be

free and clear of all claims and liens. If such net proceeds are sufficient to enable the Purchaser to pay all remaining unpaid Installment Payments and Additional Payments, the Purchaser may elect not to reconstruct, repair or replace the damaged or destroyed portion of the System, and thereupon such net proceeds shall be applied to the prepayment of Installment Payments and Additional Payments as provided herein.

SECTION 5.23. Compliance with State Contract Requirements. The Purchaser shall comply with all provisions contained in Exhibit F so long as any portion of the Purchase Price is unpaid.

SECTION 5.24. Compliance with Contracts. The Purchaser will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the System and all other contracts affecting or involving the System to the extent that the Purchaser is a party thereto.

ARTICLE VI

NEGATIVE COVENANTS OF THE PURCHASER

SECTION 6.01. Limitation on Additional Obligations. The Purchaser hereby covenants that, until the Purchase Price has been paid in full and this Agreement has been discharged pursuant to Section 8.05, the Purchaser shall not after the date of this Agreement issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or obligations, which are in any case secured by a lien on all or any part of Pledged Net System Revenues that is senior to or on a parity with the lien established hereunder for the security for the payment of the Installment Payments and Additional Payments, excepting only Parity Debt meeting the requirements of Section 2.08 herein. Nothing herein is intended nor shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Purchaser of Subordinate Debt or of obligations other than Parity Debt.

SECTION 6.02. Disposition of Property. The Purchaser will not authorize the disposition of real or personal property constituting more than ten percent (10%) of the value of the System unless the Purchaser first obtains a Report, and provides a copy to the CIEDB, of an Independent Consultant concluding that such disposition will not substantially adversely affect the security for the payment of the Installment Payments and Additional Payments. The Purchaser will not authorize the removal of real or personal property from the System that will result in a decrease in System Revenues of more than five percent (5%) without prior written approval of the CIEDB. The Purchaser shall not dispose of any portion of the Project while the Purchase Price is unpaid except for property that is not operating or is worn out and for the dedication of public streets and public and private utility easements.

SECTION 6.03. Nondiscrimination.

(a) During the performance of this Agreement, the Purchaser, any contractor and its subcontractors shall not deny the contracts' benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. The Purchaser, any contractor and its subcontractor shall insure that

the evaluation and treatment of employees and applicants for employment are free of such discrimination.

(b) The Purchaser, any contractor and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900 et seq.), the regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, part 1, Division 3, Title 2 of the Government Code (sections 11135-11139.5) and any regulations promulgated thereunder.

(c) The Purchaser, any contractor and its subcontractors shall not knowingly give preferential treatment of any kind whatsoever in connection with any business transaction related to the construction or operation of the Project to any of its affiliates or to any business enterprise in which Purchaser has any financial interest, but in such business transactions shall deal at all times with such affiliates and enterprises on the same basis as though Purchaser were dealing with any other parties.

(d) The Purchaser, any contractor and its subcontractors shall, with respect to the Project described herein, give written notice of their obligations under this section to labor organizations representing employees of the Purchaser and any contractor or subcontractor performing construction on the Project which have a collective bargaining or other contract with the Purchaser, such contractor or subcontractor.

(e) The Purchaser, any contractor and its subcontractors shall include the provisions of this section in all subcontracts to perform work under this Agreement or any contract contemplated hereby.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default and Acceleration.

(a) Each of the following events shall constitute an Event of Default hereunder:

(1) Failure by the Purchaser to pay any Installment Payment or interest or prepayment premium (if any) pursuant to Section 3.03(a) or any Additional Payment pursuant to Section 3.03(b) when and as the same shall become due and payable;

(2) Failure by the Purchaser to observe and perform any of the covenants, agreements or conditions on its part contained in this Agreement, other than as referred to in the preceding subsection (1), for a period of sixty (60) days after written notice has been given to the Purchaser by the CIEDB, or to the Purchaser and the CIEDB, specifying such failure and requesting that such failure be remedied; provided, however, that if the failure stated in such notice can be corrected, but not within such sixty (60) day period, the CIEDB may consent to an extension of such time if corrective action is instituted by the Purchaser within such sixty (60) day period and diligently pursued until such failure is corrected;

(3) The filing by the Purchaser of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Purchaser, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Purchaser or of the whole or any substantial part of its property;

(4) Any representation or other written statement made by the Purchaser contained in this Agreement, the application for financing or in any instrument furnished in compliance with or in reference thereto shall prove to have been incorrect in any material respect;

(5) An unexcused failure by the Purchaser to pay amounts due under any bond, note, installment sale agreement, capital lease or other agreement or instrument to which it is a party relating to the borrowing of money, if such unpaid amount shall exceed fifty thousand dollars ($50,000); or

(6) The occurrence of an event of default with respect to any Parity Debt or any Subordinate Debt which causes all principal of such Parity Debt or Subordinate Debt to become due and payable immediately.

(b) If an Event of Default has occurred and is continuing, the CIEDB may (i) declare the principal of the Purchase Price, together with the accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Agreement to the contrary notwithstanding, and (ii) exercise any other remedies available to the CIEDB in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the CIEDB shall give notice of such Event of Default to the Purchaser by telephone, telecopier, facsimile or other telecommunication device, promptly confirmed in writing. This provision, however, is subject to the condition that if, at any time after the principal of the Purchase Price shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Purchaser shall deposit with the CIEDB a sum sufficient to pay all installments of principal of the Purchase Price due prior to such declaration and all accrued interest thereon, with interest on such overdue Installment Payments at the rate of the lesser of twelve percent (12%) per annum or the maximum rate permitted by law, and the reasonable expenses of the CIEDB (including but not limited to attorneys fees and costs), and any and all other defaults known to the CIEDB (other than in the payment of principal of and interest on the Purchase Price due and payable solely by reason of such declaration), including the payment of Additional Payments due and owing, shall have been made good or cured to the satisfaction of the CIEDB or provision deemed by the CIEDB to be adequate shall have been made therefor, then, and in every such case, the CIEDB may, by written notice to the Purchaser, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.02. Remedies. Upon the occurrence of an Event of Default the CIEDB shall have the following rights, in addition to its rights under Section 7.01:

(a) By mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Purchaser or any member, officer or employee thereof, and to compel the Purchaser or any such member, officer or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the CIEDB; or

(c) By suit in equity to require the Purchasers and its members, officers and employees to account as the trustee of an express trust.

SECTION 7.03. Application of Funds upon Default. All amounts received by the CIEDB pursuant to any right given or action taken by the CIEDB under provisions of this Agreement, or otherwise held by the CIEDB upon the occurrence of an Event of Default, shall be applied by the CIEDB in the following order:

(a) First, to the payment of the costs and expenses of the CIEDB, including reasonable compensation to their agents and attorneys, including CIEDB employees, as set forth in Section 2.04(f)(2); and

(b) Second, to the payment of the whole amount of Installment Payments then due and unpaid, with interest on overdue Installment Payments at the rate of the lesser of twelve percent (12%) per annum or the maximum rate permitted by law; provided, however, that in the event such amounts shall be insufficient to pay in full the amount of such Installment Payments, then such amounts shall be applied in the following order of priority:

(1) First, to the payment of all installments of interest on the Purchase Price then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(2) Second, to the payment of principal of all installments of the Purchase Price then due and unpaid, other than principal having come due and payable solely by reason of acceleration pursuant to Section 7.01, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(3) Third, to the payment of principal of the Purchase Price then due and unpaid and having come due and payable solely by reason of acceleration pursuant to Section 7.01, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full; and

(c) Third, to the payment to the CIEDB of other Additional Payments as described in Section 2.04(f)(1).

SECTION 7.04. No Waiver. Nothing in this Article VII or in any other provision of this Agreement shall affect or impair the obligation of the Purchaser, which is absolute and unconditional, to pay from the Pledged Net System Revenues and other amounts pledged hereunder, all payments due hereunder, or affect or impair the right of action, which is also

absolute and unconditional, of the CIEDB to institute suit to enforce such payment by virtue of the contract embodied in this Agreement.

A waiver of any default by the CIEDB shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the CIEDB to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the CIEDB by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the CIEDB.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the CIEDB, the Purchaser and the CIEDB shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 7.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the CIEDB is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Venue. The CIEDB and the Purchaser hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in and for the Eastern District of California.

SECTION 8.02. Assignment. This Agreement may, at the CIEDB's discretion after the Bond Date, be assigned by the CIEDB to a trustee or any other party for the purpose of securing the payment of any bonds, notes or other obligations issued by the CIEDB and secured by this Agreement and the Installment Payments and Additional Payments; and the Purchaser hereby consents to such assignment.

SECTION 8.03. Benefits Limited to Parties. Nothing in this Agreement, expressed or implied, is intended to give to any person other than the Purchaser, the CIEDB and any trustee for the Bonds, any right, remedy or claim under or by reason of this Agreement. All covenants, stipulations, promises or agreements contained in this Agreement by and on behalf of the Purchaser shall be for the sole and exclusive benefit of the CIEDB.

SECTION 8.04. Successor. Whenever in this Agreement either the Purchaser or the CIEDB is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the Purchaser or the CIEDB shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Following the Bond Date the trustee for the Bonds will be the CIEDB's assignee.

SECTION 8.05. Discharge of Agreement.

(a) If the Purchaser shall pay and discharge the entire indebtedness hereunder by paying or causing to be paid the principal of, interest and prepayment premium (if any) on the Purchase Price and Additional Payments, as and when the same become due and payable, then, at the election of the Purchaser, but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Pledged Net System Revenues and other funds provided for in this Agreement and all other obligations of the CIEDB and the Purchaser under this Agreement with respect to the Purchase Price shall cease and terminate, except only (i) the obligation of the Purchaser to pay or cause to be paid to the CIEDB, from the amounts so deposited with the CIEDB or such other fiduciary, all sums due with respect to this Agreement and all expenses and costs of the CIEDB, and (ii) the obligations of the Purchaser under Sections 5.07, 8.01 and 8.12. Notice of such election shall be filed with the CIEDB.

(b) After the Bond Date, all or any portion of unpaid principal installments of the Purchase Price shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in this section (except that the Purchaser shall remain liable for such Purchase Price payment, but only out of such money or securities deposited with the Bond trustee or other fiscal agent approved by the CIEDB for such payment), if (i) there shall have been deposited with the Bond trustee or other fiscal agent approved by the CIEDB either money in an amount which shall be sufficient, or federal securities (as defined below) which are not subject to redemption prior to maturity except by the holder thereof (including any such federal securities issued or held in book entry form) or tax-exempt obligations of a state or a political subdivision thereof which have been defeased under irrevocable escrow instructions with federal securities, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the CIEDB, shall be sufficient to pay when due the Installment Payments of such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto, and (ii) an opinion of nationally recognized bond counsel acceptable to the CIEDB is filed with the CIEDB to the effect that the action taken pursuant to this section will not cause the interest on the Bonds to be includable in gross income under the Code for federal income tax purposes. As used in this section, "federal securities" means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, the United States of America, or securities evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations.

SECTION 8.06. Amendment. This Agreement may be amended by the parties in writing.

SECTION 8.07. Waiver of Personal Liability. No member, officer, agent or employee of the Purchaser shall be individually or personally liable for the payment of the principal of premium if any, or the interest under this Agreement; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 8.08. Payment on Business Days. Whenever in this Agreement any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day and no further interest shall accrue.

SECTION 8.09. Notices. All written notices to be given under this Agreement shall be given by first-class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time, except that notices from the Purchaser to the CIEDB shall be given by registered mail, or by telecommunication confirmed in writing. Notice shall be effective forty-eight (48) hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the CIEDB or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the CIEDB:

California Infrastructure and Economic Development Bank
1102 Q Street, Suite 6000
Sacramento, California 95814
Attn: Credit Support Manager
CIEDB 03-049

Or to such other address as may be designated in writing by the CIEDB.

If to the Purchaser:

County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J
Special Districts Department
157 West Fifth Street, Second Floor
San Bernardino, California 92415-0450
Attn: Division Manager, Fiscal Services

Or to such other address as may be designated in writing by the Purchaser.

SECTION 8.10. Partial Invalidity. If any portion of this Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity and enforceability of the remaining portions of this Agreement.

SECTION 8.11. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State.

SECTION 8.12. Indemnification. The Purchaser shall, to the extent permitted by law, indemnify and hold harmless the CIEDB and its members, directors, officers, employees and agents, the Bond trustee and underwriter and its members, directors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses arising out of, resulting from or in any way connected with (1) this Agreement or the System, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the System or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) information provided by the Purchaser which is used in the offering for sale of the Bonds; or (4) any violation of any

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by the respective officers, all as of the day and year first above written.

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK, as seller

By _____
Stanton C. Hazelroth
Executive Director

Attest

By _____
Blake Fowler
Assistant Executive Director

COUNTY OF SAN BERNARDINO ACTING ON
BEHALF OF COUNTY SERVICE AREA 70,
IMPROVEMENT ZONE J, as Purchaser

By _____
Dennis Hansberger
Chairman, Board of Supervisors

Attest

By _____
~~Rene Basta~~ Kenia Muñez
Clerk of the Board, Deputy Clerk

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA AND RECORD OF ACTION

November 25, 2003

FROM: **THOMAS L. SUTTON,** Director (Interim)
Special Districts Department

SUBJECT: **RESOLUTION FOR ENTERPRISE FUND INSTALLMENT SALE AGREEMENT (LOAN) FROM THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK, COUNTY SERVICE AREA 70 IMPROVEMENT ZONE J, (OAK HILLS); RESOLUTION APPROVING FUND AGREEMENT FOR GRANT FUNDING FROM THE CALIFORNIA COMMISSION**

RECOMMENDATION: Acting as the governing body of County Service Area 70, Improvement Zone J (Oak Hills) **Agreement No 03-1250** :

1. Adopt **Resolution No. 2003-425** approving the Enterprise Fund Installment Sale Agreement (Loan) by and between the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J from the California Infrastructure and Economic Development Bank (CIEDB) in the amount of $2,400,000 to fund improvements to the County Service Area 70, Improvement Zone J water system; authorize the Chairman of the Board of Supervisors or his designee to sign loan agreement documents.

2. Acting as the governing body of County Service Area 70, Improvement Zone J, adopt **Resolution No. 2003-426** accepting $257,750 from the SB 5X Incentive Fund Peak Load Reduction/Energy Efficiency Program For Water and Wastewater Facilities from the California Energy Commission administered by HDR Engineering, Inc.; authorize the Chairman of the Board or his designee to sign incentive fund agreement.

BACKGROUND INFORMATION: On December 17, 2002, the Board of Supervisors adopted Resolution No. 02-348 which authorized the Special Districts Department to submit a preliminary application to the CIEDB in an amount not to exceed $4,000,000 to fund improvements to the County Service Area 70, Improvement Zone J (CSA 70 J) water system. On July 8, 2003, the Board of Supervisors adopted Resolution No. 03-216 making certain required findings to the CIEDB, and amending the final loan application for funding of the improvements in an amount not to exceed $2,400,000. On July 22, 2003, the CIEDB Board of Directors adopted Resolution No. 03-23 (CIEDB Resolution), approving the financing. The CIEDB requires the Board of Supervisors to adopt a resolution authorizing the Chairman, or his designee, to execute the loan agreement.

The loan provides long-term, low-interest financing for three major infrastructure improvements in the District:

cc: W/ Resolution:
Special Districts- Manning w/ Agreement
Contractor w/ agreement c/o Special Districts
IDS w/ agreement
Auditor- Valdez w/ agreement
Risk Management
County Counsel- Blakemore
CAO- Thies
Special Districts- Sutton
ED/PSG- Kanold
File w/ agreement

rm

Record of Action of the Board of Supervisors
Resolution No'.s 2003-425, 2003-426
Agreement No. 03-1250

APPROVED (CONSENT CALENDAR)
BOARD OF SUPERVISORS
COUNTY OF SAN BERNARDINO

MOTION	AYE	ABSENT	NAY	SECOND	MOVE
	1	2	3	4	5

J. RENEE BASTIAN, CLERK OF THE BOARD

BY _____

DATED: November 25, 2003

ITEM 030

1) Drill and equip a 1,100-foot deep-water production well and construct the pipeline necessary to connect the well to the existing distribution system.
2) Construct a 1.75 million gallon (MG) welded steel water storage reservoir.
3) Construct approximately 4.3 miles of pipelines to distribute the water from the new well and to close critical waterline loops in the water distribution system.

The well project includes drilling, developing, and equipping the well and installing a dedicated 12-inch diameter pipeline to create a 1,500-foot pumping lane from the well site to the new 1.75 MG storage reservoir. The new well will bring water production in CSA 70 J in compliance with the State of California (Department of Health Services) requirements for public water systems.

The tank project includes the construction of a 1.75 MG welded steel water storage tank and piping to connect the tank into the existing water distribution system. The tank will be located in Pressure Zone 2 and will accept flows from all four of the existing water production wells in addition to the well proposed to be constructed with funds from this loan. The tank will feed the lower pressure zones by gravity and the upper pressure zones from the existing pump station located at the existing tank site.

The installation of this water tank will further benefit the District through energy savings by allowing the water well pumps and booster pumps to be shut off during peak energy use periods. This portion of the project will bring CSA 70 J into compliance with the State of California (Department of Health Services) and the County Fire Department requirements for public water systems.

Approximately 4.3 miles of pipeline, varying in size from 8 to 16 inches, are required to move the water efficiently from the wells to the tanks and to complete critical pipeline loops in the system as identified in the 2001 "Zone J Water System Report" prepared by Engineering Resources. These pipelines will create more efficient pumping lanes to allow quicker water transfer to the tanks and increase the fire flow potential in the District in accordance with the California Public Health and Fire Codes.

In October 2002, the Special Districts Department (Department) received the SB5X Incentive Award Package from the California Energy Commission (CEC) for Peak Load Reduction/Energy Efficiency program for Water and Wastewater Facilities. A resolution accepting the grant funds is required prior to entering into the Award Agreement. The grant monies were not included in the final loan application to CIEDB because they were not secured at the time final application was made. In addition, the actual award realized from the program is dependent upon the actual savings generated by the installation of the water tanks. The energy savings are subject to audit of energy bills and the lockout of water well pumps and booster pumps during peak periods subsequent to installation of the tank.

The actual grant funding will be reduced by any amount of energy savings projected but not realized by the project. However, any offset of the construction costs will benefit the District. Therefore, the Department recommends approval of the Resolution accepting the grant funds. Expected operational savings will accrue to the District, however, actual savings cannot be determined until all aspects of the project, and the energy audit are complete.

Approval of Recommendation No. 1 approves the $2,400,000 loan agreement on behalf of CSA 70 J and authorizes execution of the loan documents.

Approval of Recommendation No. 2 approves the acceptance of $257,750 from the SB 5X Incentive Fund Peak Load reduction/Energy Efficient Program and authorizes execution of the incentive fund agreement.

REVIEW AND APPROVAL BY OTHERS: This action has been reviewed and approved by County Counsel (Michelle Blakemore, 387-5445) on November 10, 2003, and reviewed by the County Administrative Office (Wayne Thies, Administrative Analyst, 387-5409) on November 10, 2003.

FINANCIAL IMPACT: The total project cost for the infrastructure improvements is $4,066,660 and these improvements are included in the FY 2003/04 Capital Improvement Project budget (CCR 165, ELJ 165, ELK 165, CJU 165). The project is financed by $1,666,660 of local funding from CSA 70 J and $2,400,000 of loan funding from the CIEDB.

In terms of the $2,400,000 loan, CSA 70 J will make annual principal, interest and annual fees combined payments of approximately $132,000 per year, for a 30-year period. The debt payment will be administered through the Districts' operating fund (ECA-165), and appropriations are sufficient to accommodate the debt service for FY 2003/04.

One important financial impact related covenant in the CIEDB loan agreement specifies that the district shall maintain a ratio of "110% of pledged net system revenues", in lieu of any collateral requirements that can be associated with loans of this type. This covenant requires the District to maintain a "revenue reserve" of 110% of the highest annual debt service payment, over and above annual revenues required to support the operational costs of the district. This requirement is essentially designed to ensure that a borrower is capable of not only supporting its operational and maintenance costs with user fees, but also capable of supporting the debt service as well; hence the net difference which is equal to or exceeds 110% of the highest annual debt service payment.

Failure to comply with the loan agreement requirements could place the loan in jeopardy, which could result in a due and payable demand by the bank, and could also hamper the County's ability to use the Infrastructure Bank for other County projects. For FY 2003-04, the District budget complies with this loan covenant. Future budgets for this District will be presented for Board approval, which reflect a user fee revenue base that is sufficient to meet the loan covenant requirements.

In terms of the California Energy Commission Grant, the District will receive an amount up to a maximum of $257,750, subject to an audit of actual energy savings.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item and concurs with the Department's proposal and recommends this action based on the health, welfare and safety of the citizens in the Oak Hills area, and the need to comply with California State Water Production Requirements. There is no impact on the County's General Fund.

SUPERVISORIAL DISTRICT(S): First

PRESENTER: Tom Sutton (387-9625)

RESOLUTION NO. 2003 – 425

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACTING ON BEHALF OF AND FOR THE BENEFIT OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J, OAK HILLS, AUTHORIZING THE EXECUTION AND DELIVERY OF AN ENTERPRISE FUND INSTALLMENT SALE AGREEMENT AND APPROVING CERTAIN OTHER RELATED MATTERS.

On Tuesday, November 25, 2003, on motion of Supervisor Eaves, duly seconded by Supervisor Aguiar and carried, the following resolution is adopted:

SECTION 1. The Board of Supervisors of the County of San Bernardino hereby finds and determines:

(a) That this Board previously authorized the Special Districts Department to submit a loan application to the California Infrastructure and Economic Development Bank ("CIEDB") in the amount of $2,400,000 to fund water system improvements in County Service Area 70, Improvement Zone J ("CSA 70 J");

(b) That said loan was approved by the CIEDB in July, 2003;

(c) That the County of San Bernardino, acting on behalf of CSA 70J, is named as the "Purchaser" in the loan documents, but that all loan payments will be made strictly from the enterprise fund and other available revenues of CSA 70J.

SECTION 2. The Board of Supervisors of the County of San Bernardino, acting on behalf of CSA 70J, therefore, hereby resolves and orders:

(a) That the Chairman of this Board is hereby authorized and directed to execute and deliver the Enterprise Fund Installment Sale Agreement (the "Agreement") proposed to be entered into by the Purchaser and the CIEDB, dated as of November 25, 2003, for and on behalf of the Purchaser. As executed and delivered, such documents shall be substantially in the form presented at this meeting, with such minor additions thereto or minor changes therein as the officers executing such document shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

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12/19/2003

(b) That the Director of the Special Districts Department, or his designee, is hereby authorized and directed, in the name and on behalf of the Purchaser, to take any and all steps and to execute and deliver any and all certificates, contracts and other documents which he might deem necessary or appropriate in order to consummate the delivery of the Agreement and otherwise to effectuate the purposes of this resolution, including the execution of a tax certificate, and such actions previously taken by the employees of the Purchaser are hereby ratified and confirmed.

(c) This resolution shall take effect upon the date of adoption.

PASSED AND ADOPTED by the Board of Supervisors of San Bernardino County, State of California, by the following vote:

AYES: Supervisors: Eaves, Aguiar, Postmus and Hansberger

NOES: Supervisors: None

ABSENT: Supervisors: Biane

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, J. RENEE BASTIAN, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by said Board of Supervisors by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of November 25, 2003.

J. RENEE BASTIAN
Clerk of the Board of Supervisors
of San Bernardino County

By _____
Deputy

BOARD OF SUPERVISORS
SAN BERNARDINO COUNTY, CA

#208368.2 LTK:sga
12/19/2003

RESOLUTION NO. 2003 - 426

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J (OAK HILLS) ACCEPTING A GRANT FROM THE CALIFORNIA ENERGY COMMISSION IN THE AMOUNT OF $257,750 AND AUTHORIZING THE EXECUTION OF AN AWARD AGREEMENT.

On Tuesday, November 25, 2003, on motion of Supervisor Eaves, and duly seconded by Supervisor Aguiar, the Board of Supervisors, acting as the governing board of County Service Area 70, Improvement Zone J, adopted the following resolution:

WHEREAS, County Service Area 70, Improvement Zone J ("CSA 70 J") submitted an application to the SB 5X Peak Load Reduction Program to obtain funds to construct potable water storage tanks and transmission pipelines to allow pumping to be completed during off-peak hours in CSA 70 J; and

WHEREAS, in October, 2002, CSA 70 J was informed that it was approved to receive a grant in the amount of $257,750; and

WHEREAS, this governing board, on behalf of CSA 70 J, must execute an award agreement with HDR Engineering as administrator of the SB 5X Incentive Fund Program.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The Chairman of the Board of Supervisors or his designee is hereby authorized to execute the attached Incentive Fund Agreement.

Section 2. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Supervisors of San Bernardino County, State of California, by the following vote:

AYES: Supervisors: Eaves, Aguiar, Postmus and Hansberger

NOES: Supervisors: None

ABSENT: Supervisors: Biane

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, J. RENEE BASTIAN, Clerk of the Board of Supervisors of San Bernardino County, California, hereby certify the foregoing to be a full, true and correct copy of the record of the action as the same appears in the Official Minutes of said Board at its meeting of November 25, 2003.

J. RENEE BASTIAN
Clerk of the Board of Supervisors
of San Bernardino County

By _____
Deputy

CERTIFICATION OF RESOLUTION

The undersigned hereby states and certifies:

(1) that I am the duly qualified and acting Chairman of County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J (the Purchaser), and, as such, am familiar with the facts herein certified and am fully authorized to certify the same.

(2) Attached hereto is a true, correct and complete copy of the resolution of the governing body of the Purchaser authorizing the execution and delivery of the Enterprise Fund Installment Sale Agreement, dated as of November 25, 2003, by and between the Purchaser and the California Infrastructure and Economic Development Bank adopted at a meeting thereof duly held on the date set forth in such resolution, of which meeting all of the members of said governing body had due notice and at which a quorum was present and acting throughout.

(3) I further certify that I have carefully compared the attached copy of the resolution with the original minutes of said meeting on file and of record in my office; that said copy is a true, correct and complete copy of the original resolution duly adopted by said governing body at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since its adoption and is in full force and effect as of the date hereof.

(4) I further certify that in accordance with Government Code section 54954.2, the agenda of the meeting contained a brief description of the resolution to be considered at the meeting, and a copy thereof was posted at least seventy-two (72) hours before the meeting in a location freely accessible to members of the public.

Dated: NOV 25, 2003

COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J

By _____

EXHIBIT B

CERTIFICATE OF THE

CHIEF FINANCIAL OFFICER of COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J ("PURCHASER")

The undersigned hereby states and certifies:

(1) that I am the duly qualified and acting Chief Financial Officer of the Purchaser, and, as such, am familiar with the facts herein certified and am fully authorized to certify the same.

(2) The financial data submitted by Purchaser in the application for financing (including supplements thereto) in connection with the Enterprise Fund Installment Sale Agreement ("Agreement"), dated as of November 25, 2003 by and between the Purchaser and the California Infrastructure and Economic Development Bank ("CIEDB") was true at the time submitted to CIEDB and as of the date of this certification, remains true and correct in all material respects, and such information did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

(3) The Purchaser is not in breach of or in default under any bond indenture, loan agreement, note or other instrument to which it is a party.

(4) The Purchaser maintains workers' compensation insurance covering all Purchaser employees at the Project.

(5) The CIEDB financing will be a senior pledge on the County Service Area 70, Improvement Zone J, Water Enterprise Fund maintained by the Purchaser; there is no parity debt.

(6) The representations and warranties made in the Agreement are true and correct as if made on the date of this certificate.

Dated: 1/21, 04

COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J

By Larry Walker
Larry Walker, Auditor/Controller-Recorder

EXHIBIT C

CONDITIONS PRECEDENT TO DISBURSEMENT

(a) Legal documents and origination fee. No funds shall be disbursed pursuant to this Agreement until and unless Purchaser, in the good faith judgment of the CIEDB, has specifically complied with the following and provided a copy of the specified document satisfactory to the CIEDB:

(1) Opinion of legal counsel that Purchaser is properly formed pursuant to Government Code section 25210.1 *et seq.* and has the legal authority to enter into this Agreement and that the Agreement is a legal, binding and enforceable agreement of Purchaser in a form substantially similar to Exhibit H.

(2) Resolution and Certification of Resolution adopted by Purchaser in a form substantially similar to Exhibit A and Certification in a form substantially similar to page A-2 of Exhibit A.

(3) Certificate of the Purchaser's chief financial officer in the form set out in Exhibit B.

(4) Recorded Notice of Determination evidencing the CEQA Negative Mitigation determination for the Project.

(5) Insurance certificates showing insurance as required by Section 5.22.

(6) Tax Certificate executed by Purchaser in a form substantially similar to Exhibit G.

(7) Adopted County of San Bernardino 2003-2004 Final Budget for Board-Governed Special Districts reflecting County Service Area 70, Zone J's equity contribution to the Project in the amount of one million, three hundred thirty-two thousand dollars ($1,332,000).

(8) Payment of origination fee in the amount of twenty thousand, four hundred dollars ($20,400).

(b) Construction Costs

(1) A Certificate of the Purchaser's Public Works Director or legal counsel that Purchaser has obtained any and all lands, rights-of-way, lot line adjustments, easements, and orders of possession, which are required for construction and operation of the Project.

(2) A Certificate of the Purchaser that all required permits have been obtained for the construction of the Project;

(3) A Certificate of the Purchaser's Public Works Director or legal counsel that:

(A) All construction contracts and subcontracts necessary for Project construction have been awarded, and were awarded pursuant to competitive

bidding and Purchaser procedures normally required for similar construction projects;

(B) Costs are consistent with the Exhibit D Project sources and uses chart;

(C) All prime contracts require the contractor to maintain appropriate builder's risk insurance and name the Purchaser as an additional insured and loss payee, require the contractor to maintain liability insurance and name the Purchaser as an additional insured, and include the performance and payment bond provisions set forth in Section 5.19 of this Agreement and name the Purchaser as an additional payee;

(D) All construction contracts are let to the lowest responsible bidder at a fixed price subject to increase only for allowable extra work, change orders approved by Purchaser, and damages or delays authorized by the laws of the State. Purchaser shall not approve any change orders cumulatively resulting in an increase in Project costs of more than five percent (5%) of the original construction contract amount without having funds committed for the increased Project costs;

(E) All construction contracts require payment of prevailing wage rates and compliance with Chapter 1 (commencing with section 1720) of Part 7 of Division 2 of the California Labor Code;

(F) All construction contracts require payment of workers' compensation insurance by contractors and subcontractors;

(G) All construction contracts include the nondiscrimination provisions set forth in Section 6.03; and

(H) Purchaser utilized contractor pre-qualification forms developed by the Director of Industrial Relations as set forth in AB 574 (Chapter 972 of the Statutes of 1999) codified in Public Contract Code section 20101 et seq.

(c) The final disbursement of Project Funds shall not be made until and unless Purchaser, in the good faith judgment of the CIEDB, has specifically complied with each and every one of the following, and provided a copy of the specified document or certificate satisfactory to the CIEDB:

(1) Recorded Project notice of completion or other evidence of completion;

(2) Lien waivers for the Project, or passage of the applicable statutory time periods for filing mechanics and other similar liens;

(3) Certification that the Project has been completed in accordance with the approved final plans and specifications, and that the completed Project is consistent with the definition of Project in this Agreement and is acceptable to the Purchaser and that the requirements of Section 5.13(c) have been met;

(4) Certification of Recycled Content as set out in Section 6 of Exhibit F; and

(5) Certification that the Purchaser has obtained all licenses and permits (including operating permits), and approvals from any governmental agency or authority having jurisdiction over the Purchaser in connection with the Project.

EXHIBIT D

DESCRIPTION AND PROJECT SOURCES AND USES

Project Title:

County Service Area 70-Zone J Water Transmission and Storage Project

Project Description:

Drilling a water well; constructing a booster station, a reservoir, and associated transmission piping.

Project Sources and Uses:

PROJECT FUNDING SOURCES AND USES			
Component	**I-Bank**	**CSA 70—Zone J**	**Total**
Survey/Design/Inspection	$0	$238,489	**$238,489**
Land	$0	$26,000	**$26,000**
Telemetry	$0	$55,000	**$55,000**
Construction	$2,400,000	$904,100	**$3,304,100**
Admin/Engineering Fees	$0	$88,011	**$88,011**
I-Bank Origination Fee	$0	$20,400	**$20,400**
Total	**$2,400,000**	**$1,332,000**	**$3,732,000**

Any line item financed by CIEDB may be amended up to twenty percent (20%) upon the prior written approval of the CIEDB.

The CIEDB shall not be responsible for the payment of any cost overruns.

The Purchaser shall submit invoices only for expenses incurred. Expenses contained in the invoices shall be listed according to the categories contained in the above Project sources and uses. The CIEDB shall pay ninety percent (90%) of all invoices for construction costs submitted to the Purchaser prior to compliance with Exhibit C, section (d), conditions precedent to final disbursement; provided that if the Purchaser demonstrates to the satisfaction of the CIEDB that the Purchaser is obliged by law to make payments to certain construction contractors for one hundred percent (100%) of invoiced amounts or to establish a retention fund for final payment to certain contractors, the CIEDB shall disburse Project Funds in the amount required by law.

Purchaser shall not approve any change orders cumulatively resulting in an increase in Project costs of more than five percent (5%) of the original construction contract amount without having funds committed for the increased Project costs.

Project costs not covered by this Agreement will be paid for by the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J.

No costs of the Project to be paid by CIEDB can be incurred prior to the Effective Date except:

EXHIBIT E

AMORTIZATION SCHEDULE

NOTE: This amortization schedule is an estimate only and assumes that the total amount of Project Funds will be disbursed as of the Effective Date. Please note that prior to the Bond Date during the interest only period, interest will be calculated on amounts disbursed. Principal shall be due as scheduled below. A replacement amortization schedule will be sent to the Purchaser upon the Bond Date.

Payment Date	Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
25-Nov-2003	$2,400,000						
1-Aug-2004			$50,676	$50,676	$7,200	$57,876	
1-Feb-2005			$37,080	$37,080		$37,080	$94,956
1-Aug-2005	$2,347,665	$52,335	$37,080	$89,415	$7,200	$96,615	
1-Feb-2006			$36,271	$36,271		$36,271	$132,887
1-Aug-2006	$2,293,712	$53,952	$36,271	$90,224	$7,043	$97,267	
1-Feb-2007			$35,438	$35,438		$35,438	$132,705
1-Aug-2007	$2,238,093	$55,620	$35,438	$91,057	$6,881	$97,939	
1-Feb-2008			$34,579	$34,579		$34,579	$132,517
1-Aug-2008	$2,180,754	$57,338	$34,579	$91,917	$6,714	$98,631	
1-Feb-2009			$33,693	$33,693		$33,693	$132,324
1-Aug-2009	$2,121,644	$59,110	$33,693	$92,803	$6,542	$99,345	
1-Feb-2010			$32,779	$32,779		$32,779	$132,124
1-Aug-2010	$2,060,708	$60,936	$32,779	$93,716	$6,365	$100,081	
1-Feb-2011			$31,838	$31,838		$31,838	$131,919
1-Aug-2011	$1,997,888	$62,819	$31,838	$94,657	$6,182	$100,839	
1-Feb-2012			$30,867	$30,867		$30,867	$131,707
1-Aug-2012	$1,933,128	$64,761	$30,867	$95,628	$5,994	$101,622	
1-Feb-2013			$29,867	$29,867		$29,867	$131,488
1-Aug-2013	$1,866,366	$66,762	$29,867	$96,628	$5,799	$102,428	
1-Feb-2014			$28,835	$28,835		$28,835	$131,263
1-Aug-2014	$1,797,542	$68,825	$28,835	$97,660	$5,599	$103,259	
1-Feb-2015			$27,772	$27,772		$27,772	$131,031
1-Aug-2015	$1,726,590	$70,951	$27,772	$98,723	$5,393	$104,116	
1-Feb-2016			$26,676	$26,676		$26,676	$130,792
1-Aug-2016	$1,653,447	$73,144	$26,676	$99,819	$5,180	$104,999	
1-Feb-2017			$25,546	$25,546		$25,546	$130,545
1-Aug-2017	$1,578,043	$75,404	$25,546	$100,950	$4,960	$105,910	
1-Feb-2018			$24,381	$24,381		$24,381	$130,291
1-Aug-2018	$1,500,309	$77,734	$24,381	$102,115	$4,734	$106,849	
1-Feb-2019			$23,180	$23,180		$23,180	$130,028
1-Aug-2019	$1,420,173	$80,136	$23,180	$103,316	$4,501	$107,816	
1-Feb-2020			$21,942	$21,942		$21,942	$129,758
1-Aug-2020	$1,337,561	$82,612	$21,942	$104,554	$4,261	$108,814	
1-Feb-2021			$20,665	$20,665		$20,665	$129,479
1-Aug-2021	$1,252,397	$85,165	$20,665	$105,830	$4,013	$109,843	
1-Feb-2022			$19,350	$19,350		$19,350	$129,192
1-Aug-2022	$1,164,601	$87,796	$19,350	$107,146	$3,757	$110,903	
1-Feb-2023			$17,993	$17,993		$17,993	$128,896

Payment Date	Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Aug-2023	$1,074,091	$90,509	$17,993	$108,502	$3,494	$111,996	
1-Feb-2024			$16,595	$16,595		$16,595	$128,591
1-Aug-2024	$980,786	$93,306	$16,595	$109,901	$3,222	$113,123	
1-Feb-2025			$15,153	$15,153		$15,153	$128,276
1-Aug-2025	$884,597	$96,189	$15,153	$111,342	$2,942	$114,285	
1-Feb-2026			$13,667	$13,667		$13,667	$127,952
1-Aug-2026	$785,435	$99,161	$13,667	$112,828	$2,654	$115,482	
1-Feb-2027			$12,135	$12,135		$12,135	$127,617
1-Aug-2027	$683,210	$102,225	$12,135	$114,360	$2,356	$116,717	
1-Feb-2028			$10,556	$10,556		$10,556	$127,272
1-Aug-2028	$577,826	$105,384	$10,556	$115,940	$2,050	$117,989	
1-Feb-2029			$8,927	$8,927		$8,927	$126,917
1-Aug-2029	$469,185	$108,640	$8,927	$117,568	$1,733	$119,301	
1-Feb-2030			$7,249	$7,249		$7,249	$126,550
1-Aug-2030	$357,188	$111,997	$7,249	$119,246	$1,408	$120,654	
1-Feb-2031			$5,519	$5,519		$5,519	$126,172
1-Aug-2031	$241,730	$115,458	$5,519	$120,977	$1,072	$122,048	
1-Feb-2032			$3,735	$3,735		$3,735	$125,783
1-Aug-2032	$122,704	$119,026	$3,735	$122,761	$725	$123,486	
1-Feb-2033			$1,896	$1,896		$1,896	$125,382
1-Aug-2033		$122,704	$1,896	$124,600	$368	$124,968	$124,968
Total Payments:		$2,400,000	$1,319,040	$3,719,040	$130,342	$3,849,382	$3,849,382

EXHIBIT F

STATE CONTRACT REQUIREMENTS

SECTION 1. Record Establishment, Access and Retention.

(a) The Purchaser agrees that the CIEDB shall have the right to review, obtain, and copy all records pertaining to performance of this Agreement. The Purchaser agrees to provide the CIEDB with any relevant information requested and shall permit the access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with Government Code section 8546.7. The Purchaser further agrees to maintain records concerning costs paid with State funds for three years following the CIEDB's receipt of a notice of completion or payment of an invoice, whichever is later. In the event of an Agreement performance or payment dispute, the three-year minimum shall automatically be extended until the dispute is resolved.

(b) Upon inspection, the Purchaser shall promptly implement any corrective measures recommended by the CIEDB, its representatives, or the Bureau of State Audits ("BSA") regarding the requirements of this section.

(c) The Purchaser shall keep all books, records, accounts and documents pertaining to this Agreement separate from other activities unrelated to this Agreement.

SECTION 2. Nondiscrimination Clause and Compliance Statement.

(a) By signing this Agreement, the Purchaser and its contractors agree that each shall not, during the performance of this Agreement, unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (cancer), age, marital status, denial of family and medical care leave or denial of pregnancy disability leave. The Purchaser and its contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Purchaser and its contractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900 et seq.), and the applicable regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a) through (f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Purchaser and its contractor shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

(b) The Purchaser shall include the nondiscrimination and compliance provisions as detailed in subsection (a) of this section, in all contracts to perform work under this Agreement.

SECTION 3. Americans with Disabilities Act Certification. By signing this Agreement, the Purchaser assures the CIEDB that it complies with the Americans with Disabilities Act ("ADA") of 1990 (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

SECTION 4. National Labor Relations Board Certification. By signing this Agreement, the Purchaser does swear under the penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against the Purchaser within the immediately preceding two year period because of the Purchaser's failure to comply with an order of a federal court which orders the Purchaser to comply with an order of the National Labor Relations Board.

SECTION 5. Certification of Drug Free Workplace.

(a) By signing this Agreement, the Purchaser hereby certifies under penalty of perjury under the laws of the State of California that the Purchaser shall comply with the requirements of the Drug Free Workplace Act of 1990 (Government Code section 8350 et seq.) and shall provide a drug free workplace by:

(1) Publishing a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code section 8355(a).

(2) Establishing a Drug Free Awareness Program as required by Government Code section 8355(b), to inform employees about:

(A) The dangers of drug abuse in the workplace;

(B) The person's or organization's policy of maintaining a drug-free workplace;

(C) Any available counseling, rehabilitation and employee assistance programs; and,

(D) Penalties that may be imposed upon employees for drug abuse violations; and,

(3) Providing, as required by Government Code section 8355(c), that every employee who performs work under this Purchaser shall:

(A) Receive a copy of the Purchaser's drug-free policy statement; and,

(B) Agree to abide by the terms of the Purchaser's statement as a condition of employment under this Agreement.

(b) In addition to any other consequences specified in this Agreement, failure to comply with these requirements may result in the Purchaser being ineligible for award of any future State Contracts if the CIEDB determines that the Purchaser:

(1) Has made a false certification; or,

(2) Violates the certification by failing to carry out the requirements as noted above.

SECTION 6. Certification of Recycled Content. The Purchaser shall certify in writing, under penalty of perjury, the minimum, if not exact, percentage of recycled content of both post-consumer material and secondary material as defined in Public Contract Code sections 12161 and 12200, in materials, goods or supplies offered, or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in Public Contract Code sections 12161 and 12200. The Purchaser may certify that the product contains zero recycled content. The Recycle Certification shall be delivered to the CIEDB not more than thirty days (30) calendar days following the date of the Notice of Completion.

SECTION 7. Child Support Compliance Act.

(a) The Purchaser recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

(b) The Purchaser, to the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry, maintained by the California Employment Development Department.

SECTION 8. Welfare Recipients.

(a) The Purchaser shall give priority consideration in filling vacancies in positions funded by the Purchaser to qualified recipients of aid under Chapter 2 (commencing with section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code in accordance with Article 3.9 (commencing with section 11349) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(b) Nothing in this provision shall be construed to:

(1) Interfere with or create a violation of the terms of valid collective bargaining agreements;

(2) Require the Purchaser to hire an unqualified recipient of aid;

(3) Interfere with or create a violation of any federal affirmative action obligation of the Purchaser for hiring disabled veterans or veterans of the Vietnam era; or,

(4) Interfere with or create a violation of the requirements of Government Code section 12990.

SECTION 9. Prevailing Wages.

(a) By signing this Agreement, the Purchaser agrees to comply with the provisions of section 1720 et seq. of the California Labor Code in the award of public works contracts and subcontracts involving the expenditure of funds provided in this Agreement, and to insure that its contractor and subcontractors meet the requirements of those enactments.

(b) The Purchaser shall comply with Labor Code provisions that include but are not limited to the following requirements: The Purchaser shall obtain, from the Director of the Department of Industrial Relations, the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality in which the public work is to be performed for each craft, classification, or type of worker needed to execute the Agreement. The Purchaser shall either specify the general prevailing rates in bid and contract documents or include a statement in those documents that such information is available; take cognizance of any violations of prevailing wage law and notify the Department of Industrial Relations of such violations; require that the contractor and subcontractors keep adequate payroll and other records and withhold funds pending investigation of violations.

(c) The Purchaser shall require its contractor and subcontractors to adhere to prevailing wage requirements, including but not limited to the following requirements: contracts between the contractor and subcontractors must include provisions regarding prevailing wage; the contractor shall monitor subcontractors' payment of prevailing wage by periodically reviewing certified payroll records and diligently taking corrective action if the subcontractors fail to pay prevailing wage; contractor and subcontractors shall maintain certified payroll records and time records. The contractor to whom a contract is awarded, and any subcontractor under him, shall not pay less than the specified prevailing wage; contractor and subcontractors are subject to penalties for violations of prevailing wage provisions.

(d) The Purchaser acknowledges that it has been informed by the CIEDB that the CIEDB may contract with the Department of Industrial Relations to conduct audits of some contracts to assure compliance with prevailing wage requirements. The Purchaser shall require its contractor and subcontractors to cooperate in an audit if requested to do so by the CIEDB and shall inform its contractor and subcontractors that spot audits are planned.

EXHIBIT G

PURCHASER TAX CERTIFICATE

This Tax Certificate is executed and delivered by the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J (the "Purchaser") in connection with the Enterprise Fund Installment Sale Agreement between the Purchaser and the California Infrastructure and Economic Development Bank (the "Seller"), dated as of November 25, 2003 (the "Obligation") in the amount of two million, four hundred thousand dollars ($2,400,000). The Purchaser certifies, covenants, warrants and represents as follows:

ARTICLE I. IN GENERAL

1.1 **The Purchaser.** The Purchaser is a county duly organized and existing under the laws of the State of California.

1.2 **Purpose of Tax Certificate.** In the future, the Seller intends to issue bonds (the "Bonds") to refinance the Obligation. The Purchaser is delivering this Tax Certificate to the Seller with the understanding that the Seller will rely in part upon this Tax Certificate in obtaining an opinion from bond counsel that interest on the Bonds is excluded from gross income for federal income tax purposes under section 103 of the Code (as defined below).

1.3 **Purpose of Financing.** The Obligation is being issued to finance the County Service Area 70-Zone J Water Transmission and Storage Project on the Purchaser's property (the "Project"), as described in more detail in the application of the Purchaser to the CIEDB, dated April 10, 2003, including amendments thereto and in Exhibit D of the Obligation.

1.4 **Definitions.** Unless the context otherwise requires, the following capitalized terms have the following meanings:

"*Code*" means the Internal Revenue Code of 1986 (including amendments thereto).

"*Current Revenues*" has the meaning given thereto in Section 2.7 hereof.

"*Governmental Unit*" means any state, or political subdivision of a state, but excludes the United States and its agencies or instrumentalities.

"*Investment Property*" means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless such obligation is a "specified private activity bond" within the meaning of section 57(a)(5)(C) of the Code.

"*Nongovernmental Person*" means any person or entity other than a Governmental Unit.

"*Payment Account*" has the meaning given thereto in Section 2.7 hereof.

"*Preliminary Expenditures*" means architectural, engineering, surveying, soil testing, and similar costs paid with respect to the Project in an aggregate amount not

exceeding twenty percent (20%) of the Obligation. However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

"*Tax-Exempt Bond*" means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to section 103 of the Code or section 103 of the Internal Revenue Code of 1954, as amended, and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least ninety-five percent (95%) of income to the stockholder is treated as interest that is excludable from gross income under section 103 of the Code.

ARTICLE II. TAX LIMITATIONS

2.1 **Expenditure of Proceeds.** Proceeds of the Obligation shall be used exclusively for the following purposes: (i) architectural, engineering, surveying, soil testing, and similar costs paid with respect to the Project incurred prior to the commencement of construction and in an aggregate amount not exceeding twenty percent (20%) of the Obligation; (ii) capital expenditures originally paid by the Purchaser on or after the date hereof, (iii) interest on the Obligation through the later of three years after the date hereof or one year after the Project is placed in service, and (iv) initial operating expenses directly associated with the Project (in aggregate amount not exceeding five percent (5%) of the amount of the Obligation).

2.2 **Governmental Bond Status.** The Purchaser will not loan any of the proceeds of the Obligation to one or more Nongovernmental Persons. The Purchaser will not allow more than five percent (5%) of proceeds of the Obligation or more than five percent (5%) of the Project to be used directly or indirectly by any Nongovernmental Person, other than as a member of the general public. In addition, a Nongovernmental Person will be treated as "using" proceeds of the Obligation to the extent the Nonexempt Person:

(i) Borrows proceeds of the Obligation, or

(ii) Uses the Project (e.g., as owner, lessee, service provider, operator or manager).

2.3 **Change in Use.** The Purchaser reasonably expects to use all proceeds of the Obligation and all of the Project as set forth in Section 2.2 for the entire stated term to maturity of the Obligation. Absent written agreement by the Seller, the Purchaser in fact will use all proceeds of the Obligation and all of the Project as set forth in Section 2.2.

2.4 **Federal Guarantee.** The Purchaser will not directly or indirectly use or permit the use of any proceeds of the Obligation or take or omit to take any action that would cause the Bonds to be obligations that are "federally guaranteed" within the meaning of section 149(b) of the Code. In furtherance of this covenant, the Purchaser will not allow the payment of principal or interest with respect to the Obligation to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. The Purchaser will not use five percent (5%) or more of the proceeds of the Obligation to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof.

3.3 **Survival of Defeasance.** Notwithstanding any provision in this Tax Certificate to the contrary, the obligation to comply with all requirements contained in this Tax Certificate shall survive defeasance or prepayment of the Obligation.

Dated: NOV 25 2003.

COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J

By _____
Dennis Hansberger
Chairman, Board of Supervisors

RONALD D. REITZ
County Counsel

RUTH E. STRINGER
Assistant County Counsel

CHIEF DEPUTIES
Daniel B. Haueter
Michael A. Sachs
Rex A. Hinesley
W. Andrew Hartzell

SUPERVISING DEPUTY
Sandra D. Baxter

County of San Bernardino
County Counsel

385 NORTH ARROWHEAD AVENUE
SAN BERNARDINO, CA 92415-0140

TELEPHONE (909) 387-5455

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DEPUTIES

Dawn Stafford
Charles J. Larkin
Paul St. John
L. Thomas Krahelski
Charles S. Scolastico
Jean-Rene Basle
Alan L. Green
Michelle D. Blakemore
Robert L. Jocks
Patricia Campbell
Kevin L. Norris
Dennis Tilton
Michael A. Markel
Dennis E. Wagner
Regina A. Coleman
Carol A. Greene
Melissa A. Ladenson
Matthew J. Mamell
Fiona G. Luke
Paymon Z. Bidari
Daniela C. Fernandez
Jeffrey S. Moret
Robin C. Cochran
Phebe W. Chu
Sarah M. Toohey
Jamila Bayati
Cynthia L. Adams
Scott M. Runyan
Tristan G. Pelayes
Mitchell L. Norton
Donna L. Carlson
Sandra Grajeda
Julie J. Surber
Steven R. Bass
Ramona E. Verduzco
Jacqueline Carey-Wilson
Danielle E. Wuchenich

January 23, 2004

County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J
Special Districts Department
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0450

RECEIVED
FEB 2 2004
CALIFORNIA INFRASTRUCTURE
AND ECONOMIC DEVELOPMENT BANK

California Infrastructure and Economic Development Bank
1102 Q Street, Suite 6000
Sacramento, CA 95814
Attn: Credit Support Manager
CIEDB 03-049

Re: Enterprise Fund Installment Sale Agreement, By and Betw~~een County of San Bernardino acting~~ on behalf of County Service Area 70, Improvement Zone J, as Purchaser and the California Infrastructure and Economic Development Bank, as Seller, Dated as of July 22, 2003, agreement Number CIEDB-03-049 in the amount of not to exceed two million, four hundred thousand dollars ($2,400,000), for County Service Area 70-Zone J Water Transmission and Storage Project.

Ladies and Gentlemen:

In our capacity as counsel to the county of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J (the "Public Agency") and in connection with the above-described Enterprise Fund Installment Sale Agreement ("the Agreement"), we have examined the laws pertaining to the Public Agency; the original of the agreement, signed by the Public Agency; the Public Agency's resolution adopted November 25, 2003 (the "Resolution"); and such other information and documents as we considered necessary to render this opinion.

Based upon the foregoing, it is our opinion that:

(i) The Public Agency is a body public and corporate, and a public instrumentality of the State of California duly organized pursuant to Government code section 25210.1 *et seq.* and validly existing pursuant to the laws of the State of California;

(ii) The Resolution and other actions of Public Agency approving and authorizing the execution and delivery of the Agreement were duly adopted at a meeting of the governing body of the Public Agency which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) The Public Agency has full right and lawful authority to execute and deliver the Agreement and the Agreement has been duly authorized and executed on behalf of the Public Agency and the Agreement is the legal, valid and binding obligation of the Public Agency enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws, or by legal or equitable principles relating to or limiting creditors' rights generally;

(iv) To the best of our knowledge, the execution and delivery of the Agreement and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Public Agency a breach of or default under any agreement or other instrument which the Public Agency is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Public Agency is subject; and

(v) To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation before or by any court or public body pending or threatened against or affecting the Public Agency: 1) challenging or questioning the transactions contemplated by the Agreement or any other agreement, document or certificate related to such transactions; 2) challenging or questioning the creation, organization, existence or powers of the Public Agency; 3) seeking to enjoin or restrain the execution of the Agreement or the building of the Project defined in the Agreement or the collection of any of the Revenues pledged under the Agreement; 4) in any way questioning or affecting any of the rights, powers, duties or obligations of the Public Agency with respect to the Revenues pledged under the Agreement; 5) in any way questioning or affecting any authority for the execution of the Agreement or validity or enforceability of the Agreement; or 6) in any way questioning or affecting any other agreement or instrument concerning the Agreement to which the Public Agency is a party.

We do not render any opinion as to any federal or state securities or tax law. We are furnishing this letter solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose.

The opinions expressed herein may be affected by actions taken or events occurring after the date hereof. The undersigned has not undertaken to determine or to inform any person whether any such subsequent actions or events are taken or occur.

Sincerely,

RONALD D. REITZ
County Counsel

MICHELLE D. BLAKEMORE
Deputy County Counsel

MDB:bja
#231076

FIRST AMENDMENT TO

ENTERPRISE FUND INSTALLMENT SALE AGREEMENT

by and between the

COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J,

as Purchaser

and the

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK,

as Seller

Dated as of September 1, 2006

Agreement No. CIEDB 03-049

THIS FIRST AMENDMENT TO THE ENTERPRISE FUND INSTALLMENT SALE AGREEMENT (the "First Amendment") is made and entered into as of September 1, 2006, by and between the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J, a public body, corporate and politic duly organized and existing under the laws of the State of California, as Purchaser (the "Purchaser"), and the California Infrastructure and Economic Development Bank (the "CIEDB"), duly organized and validly existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at section 63000 thereof) as now in effect and as it may from time to time hereafter be amended (the "Act"), as seller.

WITNESSETH

WHEREAS, the Purchaser and the CIEDB entered into that certain ENTERPRISE FUND INSTALLMENT SALE AGREEMENT dated as of November 25, 2003, (the "Installment Sale Agreement");

WHEREAS, the Purchaser and the CIEDB desire to amend certain terms of the Installment Sale Agreement;

WHEREAS, all acts and proceedings required by law necessary to make this First Amendment, when executed by the Purchaser and the CIEDB, the valid, legal and binding obligation of the Purchaser and the CIEDB, and to constitute this First Amendment a legal, valid, and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution of this First Amendment has been in all respects duly authorized; and

WHEREAS, all capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Installment Sale Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

Section 1. The definition of Bond Date" set out in Section 1.01 of the Installment Sale Agreement is hereby deleted and replaced with the following:

> "Bond Date" means March 18, 2004, (date of applicable ISRF Bonds issuance) the date when the Installment Payments and this Agreement are pledged as security for Bonds under an Indenture.

Section 2. The following definition is added to Section 1.01 of the Installment Sale Agreement:

"Secured Bonds" means bonds of one or more series issued by the CIEDB to which certain rights of the CIEDB under this Agreement may be from time to time pledged directly or indirectly.

Section 3. Section 2.04(c) of the Installment Sale Agreement is hereby deleted and replaced with the following:

(c) Purchaser must both: (1) begin Project construction no later than twelve months after July 22, 2003; and (2) submit invoices to the CIEDB for the entire amount of the Project Funds no later than June 25, 2007. If the Purchaser fails to meet either of these conditions, the CIEDB may unencumber any and all undisbursed Project Funds and the unencumbered amounts shall henceforth not be available to the Purchaser. If the Purchaser fails to meet the June 25, 2007 requirement, the CIEDB may elect to hold any or all undisbursed funds and apply such funds to the optional redemption of Bonds in accordance with the Indenture (in which event the principal amount of the Purchase Price shall be reduced by the principal amount of Bonds so redeemed).

Section 4. Section 2.05 of the Installment Sale Agreement is hereby deleted and replaced with the following:

SECTION 2.05. Prepayment and Reduction in Project Funds.

(a) Purchaser may at any time request CIEDB's approval for Purchaser to prepay, without premium, all or a portion of the principal component of the Purchase Price. A request for reduction in the Project Funds is a request for a prepayment. The CIEDB shall promptly respond to any such request, and shall make every effort to accommodate the request consistent with the Bonds requirement, which includes a coverage test to be maintained before the reduction of any obligation pledged to the Bonds is allowed.

(b) Notwithstanding subsection (a), Purchaser shall be authorized to prepay all or a portion of the principal amount of Purchase Price, without premium on or after October 1, 2014.

(c) Notwithstanding the prepayment provisions of this section, the Purchaser may, on any date, provide for the legal defeasance of the amount outstanding hereunder by providing amounts sufficient to pay, in full, the Purchase Price and Additional Payments when due, until the date set forth in subsection (b).

Section 5. Section 5.03(b) of the Installment Sale Agreement is hereby deleted and replaced with the following:

(b) The Purchaser will prepare and file with the CIEDB annually as soon as practicable, but in any event not later than two hundred ten (210) days after the close of each Fiscal Year, so long as this Loan Agreement has not been discharged by the CIEDB, an audited financial statement of the Purchaser relating to the Project Area for the

preceding Fiscal Year, prepared by an Independent Accountant; provided, however, that in the event that such audited financial statement is not available by the above-referenced filing date, an unaudited financial statement may be substituted therefore. In the event an unaudited financial statement is submitted, the Purchaser shall file the audited financial statement with the CIEDB as soon as it becomes available. The Purchaser will furnish to the CIEDB such reasonable number of copies of such financial statements as may be required by the CIEDB for distribution (at the expense of the Purchaser).

Section 6. The first paragraph of Section 5.03(c) of the Installment Sale Agreement is hereby deleted and replaced with the following:

(c) Simultaneous with the delivery of the annual audited financial statements, the Purchaser will deliver to the CIEDB a Certificate of the Purchaser stating the following:

Section 7. A new subsection (c)(8) is added to Section 5.03 of the Installment Sale Agreement as follows:

(8) Certification that the Purchaser is in compliance with the Tax Certificate as set forth in Exhibit G.

Section 8. A new subsection (c)(9) is added to Section 5.03 of the Installment Sale Agreement as follows:

(9) Such other information as may be reasonably requested.

Section 9. Section 5.20 of the Installment Sale Agreement is hereby deleted and replaced with the following:

SECTION 5.20. Continuing Disclosure. Upon the request of the CIEDB, the Purchaser covenants to furnish certain financial and operating data pertaining to the Purchaser that may be required to either: (i) enable the CIEDB to secure an Indenture by this Agreement and issue any Bonds; or (ii) enable any underwriter to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission in connection with the Bonds.

Section 10. Section 8.09 of the Installment Sale Agreement is hereby deleted and replaced with the following:

SECTION 8.09. Notices. All written notices to be given under this Agreement shall be given by first-class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time, except that notices from the Purchaser to the CIEDB shall be given by registered mail, or by telecommunication confirmed in writing. Notice shall be effective forty-eight (48) hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the CIEDB or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the CIEDB:

California Infrastructure and Economic Development Bank
Attn: Credit Support Manager, CIEDB 03-049
P.O. Box 2830
Sacramento, California 95812-2830

If by personal delivery or overnight mail:

California Infrastructure and Economic Development Bank
Attn: Credit Support Manager, CIEDB 03-049
1001 I Street, 19th Floor
Sacramento, California 95814

Or to such other address as may be designated in writing by the CIEDB.

If to the Purchaser:

County of San Bernardino acting on behalf of County
Service Area 70, Improvement Zone J
Special Districts Department
Attn: Division Manager, Fiscal Services
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0450

Or to such other address as may be designated in writing by the Purchaser.

Section 11. Exhibit E (Amortization Schedule) of the Installment Sale Agreement is hereby deleted and replaced with the Exhibit E attached hereto.

Section 12. All other terms and conditions of the Installment Sale Agreement shall remain in full force and effect.

[The balance of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be signed by the respective officers, all as of the day and year first above written.

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK, as seller

By_____
Stanton C. Hazelroth
Executive Director

ATTEST

By_____
Roma Cristia-Plant
Secretary

COUNTY OF SAN BERNARDINO ACTING ON
BEHALF OF COUNTY SERVICE AREA 70,
IMPROVEMENT ZONE J, as Purchaser

By_____ OCT 3 1 2006
Bill Postmus
Chairman of the Board of Supervisors

ATTEST

By_____
Dena M. Smith
Clerk of the Board

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD
DENA M. SMITH
Clerk of the Board of Supervisors
of the County of San Bernardino

By_____ OCT 3 1 2006
Deputy

SAN BERNARDINO COUNTY

EXHIBIT E

AMORTIZATION SCHEDULE

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
8-Jul-2004	$2,400,000.00						
1-Aug-2004			$4,738.00	$4,532.00	$7,200.00	$11,732.00	
1-Feb-2005			$37,080.00	$37,080.00		$37,080.00	$48,812.00
1-Aug-2005	$2,347,664.70	$52,335.30	$37,080.00	$89,415.30	$7,200.00	$96,615.30	
1-Feb-2006			$36,271.42	$36,271.42		$36,271.42	$132,886.72
1-Aug-2006	$2,293,712.23	$53,952.47	$36,271.42	$90,223.89	$7,042.99	$97,266.88	
1-Feb-2007			$35,437.85	$35,437.85		$35,437.85	$132,704.73
1-Aug-2007	$2,238,092.63	$55,619.60	$35,437.85	$91,057.45	$6,881.14	$97,938.59	
1-Feb-2008			$34,578.53	$34,578.53		$34,578.53	$132,517.12
1-Aug-2008	$2,180,754.39	$57,338.24	$34,578.53	$91,916.77	$6,714.28	$98,631.05	
1-Feb-2009			$33,692.66	$33,692.66		$33,692.66	$132,323.71
1-Aug-2009	$2,121,644.40	$59,109.99	$33,692.66	$92,802.65	$6,542.26	$99,344.91	
1-Feb-2010			$32,779.41	$32,779.41		$32,779.41	$132,124.32
1-Aug-2010	$2,060,707.90	$60,936.49	$32,779.41	$93,715.90	$6,364.93	$100,080.83	
1-Feb-2011			$31,837.94	$31,837.94		$31,837.94	$131,918.77
1-Aug-2011	$1,997,888.47	$62,819.43	$31,837.94	$94,657.37	$6,182.12	$100,839.49	
1-Feb-2012			$30,867.38	$30,867.38		$30,867.38	$131,706.87
1-Aug-2012	$1,933,127.92	$64,760.55	$30,867.38	$95,627.93	$5,993.67	$101,621.59	
1-Feb-2013			$29,866.83	$29,866.83		$29,866.83	$131,488.42
1-Aug-2013	$1,866,366.27	$66,761.65	$29,866.83	$96,628.48	$5,799.38	$102,427.86	
1-Feb-2014			$28,835.36	$28,835.36		$28,835.36	$131,263.22
1-Aug-2014	$1,797,541.68	$68,824.59	$28,835.36	$97,659.95	$5,599.10	$103,259.04	
1-Feb-2015			$27,772.02	$27,772.02		$27,772.02	$131,031.06
1-Aug-2015	$1,726,590.42	$70,951.27	$27,772.02	$98,723.29	$5,392.63	$104,115.91	
1-Feb-2016			$26,675.82	$26,675.82		$26,675.82	$130,791.73
1-Aug-2016	$1,653,446.76	$73,143.66	$26,675.82	$99,819.48	$5,179.77	$104,999.25	
1-Feb-2017			$25,545.75	$25,545.75		$25,545.75	$130,545.01
1-Aug-2017	$1,578,042.96	$75,403.80	$25,545.75	$100,949.55	$4,960.34	$105,909.89	
1-Feb-2018			$24,380.76	$24,380.76		$24,380.76	$130,290.66
1-Aug-2018	$1,500,309.18	$77,733.78	$24,380.76	$102,114.54	$4,734.13	$106,848.67	
1-Feb-2019			$23,179.78	$23,179.78		$23,179.78	$130,028.45
1-Aug-2019	$1,420,173.43	$80,135.75	$23,179.78	$103,315.53	$4,500.93	$107,816.46	
1-Feb-2020			$21,941.68	$21,941.68		$21,941.68	$129,758.13
1-Aug-2020	$1,337,561.48	$82,611.95	$21,941.68	$104,553.63	$4,260.52	$108,814.15	
1-Feb-2021			$20,665.32	$20,665.32		$20,665.32	$129,479.47
1-Aug-2021	$1,252,396.83	$85,164.65	$20,665.32	$105,829.98	$4,012.68	$109,842.66	
1-Feb-2022			$19,349.53	$19,349.53		$19,349.53	$129,192.20
1-Aug-2022	$1,164,600.59	$87,796.24	$19,349.53	$107,145.77	$3,757.19	$110,902.96	
1-Feb-2023			$17,993.08	$17,993.08		$17,993.08	$128,896.04
1-Aug-2023	$1,074,091.44	$90,509.15	$17,993.08	$108,502.23	$3,493.80	$111,996.03	
1-Feb-2024			$16,594.71	$16,594.71		$16,594.71	$128,590.74
1-Aug-2024	$980,785.56	$93,305.88	$16,594.71	$109,900.59	$3,222.27	$113,122.87	
1-Feb-2025			$15,153.14	$15,153.14		$15,153.14	$128,276.00
1-Aug-2025	$884,596.53	$96,189.03	$15,153.14	$111,342.17	$2,942.36	$114,284.52	

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Feb-2026			$13,667.02	$13,667.02		$13,667.02	$127,951.54
1-Aug-2026	$785,435.26	$99,161.27	$13,667.02	$112,828.29	$2,653.79	$115,482.08	
1-Feb-2027			$12,134.97	$12,134.97		$12,134.97	$127,617.05
1-Aug-2027	$683,209.90	$102,225.36	$12,134.97	$114,360.33	$2,356.31	$116,716.64	
1-Feb-2028			$10,555.59	$10,555.59		$10,555.59	$127,272.23
1-Aug-2028	$577,825.79	$105,384.12	$10,555.59	$115,939.71	$2,049.63	$117,989.34	
1-Feb-2029			$8,927.41	$8,927.41		$8,927.41	$126,916.75
1-Aug-2029	$469,185.30	$108,640.49	$8,927.41	$117,567.90	$1,733.48	$119,301.37	
1-Feb-2030			$7,248.91	$7,248.91		$7,248.91	$126,550.29
1-Aug-2030	$357,187.82	$111,997.48	$7,248.91	$119,246.39	$1,407.56	$120,653.95	
1-Feb-2031			$5,518.55	$5,518.55		$5,518.55	$126,172.50
1-Aug-2031	$241,729.62	$115,458.20	$5,518.55	$120,976.75	$1,071.56	$122,048.32	
1-Feb-2032			$3,734.72	$3,734.72		$3,734.72	$125,783.04
1-Aug-2032	$122,703.76	$119,025.86	$3,734.72	$122,760.58	$725.19	$123,485.77	
1-Feb-2033			$1,895.77	$1,895.77		$1,895.77	$125,381.54
1-Aug-2033		$122,703.76	$1,895.77	$124,599.53	$368.11	$124,967.64	$124,967.64
Total Payments:		$2,400,000.00	$1,273,101.83	$3,673,101.83	$130,342.12	$3,803,443.95	$3,803,443.95

SECOND AMENDMENT TO

ENTERPRISE FUND INSTALLMENT SALE AGREEMENT

by and between the

COUNTY OF SAN BERNARDINO ACTING ON BEHALF OF COUNTY SERVICE AREA 70, IMPROVEMENT ZONE J,

as Purchaser

and the

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK,

as Seller

Dated as of October 2, 2011

Agreement No. CIEDB 03-049

THIS SECOND AMENDMENT TO THE ENTERPRISE FUND INSTALLMENT SALE AGREEMENT (the "Second Amendment") is made and entered into as of February 2, 2011, by and between the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J, a public body, corporate and politic duly organized and existing under the laws of the State of California, as Purchaser (the "Purchaser"), and the California Infrastructure and Economic Development Bank (the "CIEDB"), duly organized and validly existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at section 63000 thereof) as now in effect and as it may from time to time hereafter be amended (the "Act"), as seller.

WITNESSETH

WHEREAS, the Purchaser and the CIEDB entered into that certain ENTERPRISE FUND INSTALLMENT SALE AGREEMENT dated as of November 25, 2003, and a First Amendment dated as of September 1, 2006 (collectively, the "Installment Sale Agreement");

WHEREAS, the Purchaser and the CIEDB desire to amend certain terms of the Installment Sale Agreement;

WHEREAS, all acts and proceedings required by law necessary to make this Second Amendment, when executed by the Purchaser and the CIEDB, the valid, legal and binding obligation of the Purchaser and the CIEDB, and to constitute this Second Amendment a legal, valid, and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution of this Second Amendment has been in all respects duly authorized; and

WHEREAS, all capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Installment Sale Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

Section 1. Section 2.03(b)(1) of the Installment Sale Agreement is hereby deleted and replaced with the following:

(b) For Purposes of this Agreement:

(1) The principal amount of the Purchase Price to be paid by the Purchaser to the CIEDB hereunder is two million one hundred fifty thousand forty-three dollars and fifty-eight cents ($2,150,043.58).

Section 2. Section 2.04(d) of the Installment Sale Agreement is hereby deleted and replaced with the following:

(d) Notwithstanding any contrary provisions of this Agreement or any related documents, under no circumstances will the CIEDB be obligated to make disbursements in excess of the lesser of (i) actual Project costs incurred in connection with the completion of the Project or (ii) two million one hundred fifty thousand forty-three dollars and fifty-eight cents ($2,150,043.58).

Section 3. Section 2.06 of the Installment Sale Agreement is hereby deleted and replaced with the following:

SECTION 2.06. Encumbrance of Project Funds. The CIEDB hereby encumbers the amount of two million one hundred fifty thousand forty-three dollars and fifty-eight cents ($2,150,043.58) as Project Funds.

Section 4. Section 2.13 of the Installment Sale Agreement is hereby deleted and replaced with the following:

SECTION 2.13. Reasonable Cost of Eligible ProjectThe reasonable cost of the eligible Project is estimated to be $3,482,043.58 of which a portion valued $2,150,043.58. shall be purchased hereunder, and the remainder, if any, shall be financed as set forth in Exhibit D hereto.

Section 5. Section 8.09 of the Installment Sale Agreement is hereby deleted and replaced with the following:

SECTION 8.09. Notices

All written notices to be given under this Agreement shall be given by first-class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time, except that notices from the Purchaser to the CIEDB shall be given by registered mail, or by telecommunication confirmed in writing. Notice shall be effective forty-eight (48) hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the CIEDB or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the CIEDB: California Infrastructure and Economic Development Bank
Attn: ISRF Support Unit Manager, CIEDB 03-049
P.O. Box 2830
Sacramento, California 95812-2830

If by personal delivery or overnight mail:

California Infrastructure and Economic Development Bank
Attn: ISRF Support Unit Manager, CIEDB 03-049
980 9th Street, Suite 900
Sacramento, California 95814

Or to such other address as may be designated in writing by the CIEDB.

If to the Purchaser: County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J
Special Districts Department
Attn: Division Manager, Fiscal Services
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0450

Or to such other address as may be designated in writing by the Purchaser.

Section 6. Exhibit D (Description of Project Sources and Uses) of the Installment Sale Agreement is hereby deleted and replaced with the Exhibit D attached hereto.

Section 7. Exhibit E (Amortization Schedule) of the Installment Sale Agreement is hereby deleted and replaced with the Exhibit E attached hereto.

Section 8. The first sentence of Exhibit G (Purchaser Tax Certificate) of the Installment Sale Agreement is hereby deleted and replaced with the following:

This Tax Certificate is executed and delivered by the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J (the "Purchaser") in connection with the Enterprise Fund Installment Sale Agreement between the Purchaser and the California Infrastructure and Economic Development Bank (the "Seller"), dated as of November 25, 2003 (the "Obligation") in the amount of two million one hundred fifty thousand forty-three dollars and fifty-eight cents ($2,150,043.58).

Section 9. All other terms and conditions of the Installment Sale Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be signed by the respective officers, all as of the date(s)set forth below.

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK, as seller

Date: 9-15-11 By _____
Stanton C. Hazelroth
Executive Director

ATTEST

By _____
Roma Cristia-Plant
Secretary of the Board of Directors

County of San Bernardino acting on behalf of
County Service Area 70, Improvement Zone J, as
Purchaser

Date: AUG 23 2011 By _____

Josie Gonzales
Chairman Of The Board Of Supervisors

ATTEST

By _____
Laura Welch
Clerk of the Board

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD
LAURA H. WELCH
Clerk of the Board of Supervisors
of the County of San Bernardino
By _____ Deputy

BOARD GOVERNED
COUNTY SERVICE AREA

EXHIBIT D

DESCRIPTION AND PROJECT SOURCES AND USES

Project Title:

County Service Area 70-Zone J Water Transmission and Storage Project

Project Description:

Drilling a water well; constructing a booster station, a reservoir, and associated transmission piping.

Project Sources and Uses:

PROJECT FUNDING SOURCES AND USES			
Component	CIEDB	CSA 70-Zone J	Total
Survey/Design/Inspection		$238,489.00	**$238,489.00**
Land		$26,000.00	**$26,000.00**
Telemetry		$55,000.00	**$55,000.00**
Construction	$2,150,043.58	$904,100.00	**$3,054,143.58**
Admin/Engineering Fees		$88,011.00	**$88,011.00**
I-Bank Origination Fee		$20,400.00	**$20,400.00**
Total	**$2,150,043.58**	**$1,332,000.00**	**$3,482,043.58**

Any line item financed by CIEDB may be amended up to twenty percent (20%) upon the prior written approval of the CIEDB.

The CIEDB shall not be responsible for the payment of any cost overruns.

The Purchaser shall submit invoices only for expenses incurred. Expenses contained in the invoices shall be listed according to the categories contained in the above Project sources and uses. The CIEDB shall pay ninety percent (90%) of all invoices for construction costs submitted to the Purchaser prior to compliance with Exhibit C, section (d), conditions precedent to final disbursement; provided that if the Purchaser demonstrates to the satisfaction of the CIEDB that the Purchaser is obliged by law to make payments to certain construction contractors for one hundred percent (100%) of invoiced amounts or to establish a retention fund for final payment to certain contractors, the CIEDB shall disburse Project Funds in the amount required by law.

Purchaser shall not approve any change orders cumulatively resulting in an increase in Project costs of more than five percent (5%) of the original construction contract amount without having funds committed for the increased Project costs.

Project costs not covered by this Agreement will be paid for by the County of San Bernardino acting on behalf of County Service Area 70, Improvement Zone J.

No costs of the Project to be paid by CIEDB can be incurred prior to the Effective Date.

EXHIBIT E

County of San Bernardino Acting on Behalf of County Service Area 70, Improvement Zone J

AMORTIZATION SCHEDULE

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
8-Jul-2004	$2,400,000.00						
1-Aug-2004			$4,738.00	$4,738.00	$7,200.00	$11,938.00	
1-Feb-2005			$37,080.00	$37,080.00		$37,080.00	$49,018.00
1-Aug-2005	$2,347,664.70	$52,335.30	$37,080.00	$89,415.30	$7,200.00	$96,615.30	
1-Feb-2006			$36,271.42	$36,271.42		$36,271.42	$132,886.72
1-Aug-2006	$2,293,712.23	$53,952.47	$36,271.42	$90,223.89	$7,042.99	$97,266.88	
1-Feb-2007			$35,437.85	$35,437.85		$35,437.85	$132,704.73
1-Aug-2007	$2,238,092.63	$55,619.60	$35,437.85	$91,057.45	$6,881.14	$97,938.59	
1-Feb-2008			$34,578.53	$34,578.53		$34,578.53	$132,517.12
1-Aug-2008	$2,180,754.39	$57,338.24	$34,578.53	$91,916.77	$6,714.28	$98,631.05	
1-Feb-2009			$33,692.66	$33,692.66		$33,692.66	$132,323.71
1-Aug-2009	$2,121,644.40	$59,109.99	$33,692.66	$92,802.65	$6,542.26	$99,344.91	
1-Feb-2010			$32,779.41	$32,779.41		$32,779.41	$132,124.32
1-Aug-2010	$2,060,707.90	$60,936.49	$32,779.41	$93,715.90	$6,364.93	$100,080.83	
1-Feb-2011			$31,837.94	$31,837.94		$31,837.94	$131,918.77
1-Aug-2011	$1,997,888.47	$62,819.43	$31,837.94	$94,657.37	$6,182.12	$100,839.49	
2-Oct-2011	$1,747,932.05						
1-Feb-2012			$28,314.28	$28,314.28		$28,314.28	$129,153.77
1-Aug-2012	$1,691,273.71	$56,658.34	$27,005.55	$83,663.89	$5,243.80	$88,907.69	
1-Feb-2013			$26,130.18	$26,130.18		$26,130.18	$115,037.86
1-Aug-2013	$1,632,864.63	$58,409.08	$26,130.18	$84,539.26	$5,073.82	$89,613.08	
1-Feb-2014			$25,227.76	$25,227.76		$25,227.76	$114,840.84
1-Aug-2014	$1,572,650.71	$60,213.92	$25,227.76	$85,441.68	$4,898.59	$90,340.27	
1-Feb-2015			$24,297.45	$24,297.45		$24,297.45	$114,637.73
1-Aug-2015	$1,510,576.18	$62,074.53	$24,297.45	$86,371.99	$4,717.95	$91,089.94	
1-Feb-2016			$23,338.40	$23,338.40		$23,338.40	$114,428.34
1-Aug-2016	$1,446,583.54	$63,992.64	$23,338.40	$87,331.04	$4,531.73	$91,862.77	
1-Feb-2017			$22,349.72	$22,349.72		$22,349.72	$114,212.48
1-Aug-2017	$1,380,613.53	$65,970.01	$22,349.72	$88,319.72	$4,339.75	$92,659.47	
1-Feb-2018			$21,330.48	$21,330.48		$21,330.48	$113,989.95
1-Aug-2018	$1,312,605.05	$68,008.48	$21,330.48	$89,338.96	$4,141.84	$93,480.80	
1-Feb-2019			$20,279.75	$20,279.75		$20,279.75	$113,760.55
1-Aug-2019	$1,242,495.11	$70,109.94	$20,279.75	$90,389.69	$3,937.82	$94,327.51	
1-Feb-2020			$19,196.55	$19,196.55		$19,196.55	$113,524.06
1-Aug-2020	$1,170,218.77	$72,276.34	$19,196.55	$91,472.89	$3,727.49	$95,200.38	

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Feb-2021			$18,079.88	$18,079.88		$18,079.88	$113,280.26
1-Aug-2021	$1,095,709.09	$74,509.68	$18,079.88	$92,589.56	$3,510.66	$96,100.22	
1-Feb-2022			$16,928.71	$16,928.71		$16,928.71	$113,028.92
1-Aug-2022	$1,018,897.06	$76,812.03	$16,928.71	$93,740.73	$3,287.13	$97,027.86	
1-Feb-2023			$15,741.96	$15,741.96		$15,741.96	$112,769.82
1-Aug-2023	$939,711.54	$79,185.52	$15,741.96	$94,927.48	$3,056.69	$97,984.17	
1-Feb-2024			$14,518.54	$14,518.54		$14,518.54	$112,502.71
1-Aug-2024	$858,079.19	$81,632.35	$14,518.54	$96,150.90	$2,819.13	$98,970.03	
1-Feb-2025			$13,257.32	$13,257.32		$13,257.32	$112,227.35
1-Aug-2025	$773,924.39	$84,154.79	$13,257.32	$97,412.12	$2,574.24	$99,986.35	
1-Feb-2026			$11,957.13	$11,957.13		$11,957.13	$111,943.49
1-Aug-2026	$687,169.22	$86,755.18	$11,957.13	$98,712.31	$2,321.77	$101,034.08	
1-Feb-2027			$10,616.76	$10,616.76		$10,616.76	$111,650.84
1-Aug-2027	$597,733.31	$89,435.91	$10,616.76	$100,052.67	$2,061.51	$102,114.18	
1-Feb-2028			$9,234.98	$9,234.98		$9,234.98	$111,349.16
1-Aug-2028	$505,533.83	$92,199.48	$9,234.98	$101,434.46	$1,793.20	$103,227.66	
1-Feb-2029			$7,810.50	$7,810.50		$7,810.50	$111,038.16
1-Aug-2029	$410,485.38	$95,048.44	$7,810.50	$102,858.94	$1,516.60	$104,375.54	
1-Feb-2030			$6,342.00	$6,342.00		$6,342.00	$110,717.54
1-Aug-2030	$312,499.94	$97,985.44	$6,342.00	$104,327.44	$1,231.46	$105,558.90	
1-Feb-2031			$4,828.12	$4,828.12		$4,828.12	$110,387.02
1-Aug-2031	$211,486.75	$101,013.19	$4,828.12	$105,841.32	$937.50	$106,778.81	
1-Feb-2032			$3,267.47	$3,267.47		$3,267.47	$110,046.29
1-Aug-2032	$107,352.25	$104,134.50	$3,267.47	$107,401.97	$634.46	$108,036.43	
1-Feb-2033			$1,658.59	$1,658.59		$1,658.59	$109,695.02
1-Aug-2033		$107,352.25	$1,658.59	$109,010.85	$322.06	$109,332.90	$109,332.90
Total Payments:		$2,150,043.58	$1,176,197.95	$3,326,241.52	$120,806.91	$3,447,048.44	$3,447,048.44