



**REGULAR MEETING AGENDA
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT
BOARD ROOM, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076**

**David Ferrarri will be teleconferencing in from secondary location:
Embassy Suites Sacramento Riverfront Promenade, 100 Capitol Mall, Sacramento CA 94010
For specific room location please inquire at the front desk**

Saturday, November 11, 2017 9:00 a.m.

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

Bob Moore, President
Jim Griffin, Director
John Cullen, Director

David Ferrari, Director
Robert Allen, Director
Sarah Mansergh, Clerk

B. MEMBER COMMENTS

Matters under the jurisdiction of the Board and not on the posted agenda, may be addressed by members of the public before the Board for consideration. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Board of PDGHAD. Any person wishing to address the Board during the Member Comment period shall be permitted to be heard for up to 3 minutes, A) individuals may speak only once and B) the Board is unable to address any owner comments in depth, but may choose to direct the Clerk to follow-up on the matter for a future meeting.

C. PRESIDENT’S REMARKS

The President will use this opportunity to inform the public of issues affecting the District and other items of a general nature not otherwise provided for on this agenda.

- Rob Allen oath of office
- Review of Directors term dates and election dates
- Meeting Calendar:
December 9th, 2017
Confirm 2018 Meeting Dates: February 10th, April 14th, May 12th, August 11th, November 10th, and December 8th.

D. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered to be routine by the Board of Directors and will be enacted by one motion at the appropriate time. There will be no separate discussion on these

items. If discussion is desired, that item will be removed from the Consent Calendar and will be considered separately.

1. Approval of minutes August 12, 2017 and September 16, 2017

E. TREASURER'S REPORT

2. Financial Reports
 - Financial Report July 1st-October 31st, 2017
 - Warrant listing

F. MEETING reports

3. Meetings attended by Directors at District expense since the last meeting of the Board (per AB1234 requirements). Such reports may be made orally or in writing.

G. NEW BUSINESS

4. ITEM – Consider accepting PDGHAD's audited financial statements as of June 30,2017

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

5. ITEM – Review job descriptions, seek nominations and appoint additional board officers: vice-president, treasurer and discuss new suggested roles: secretary and community liaison.

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

6. ITEM – Designate additional signers for PDGHAD bank accounts.

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

7. ITEM – Discuss creating a resolution (updating Resolution 2016-02) authorizing additional board members to be able to approve and make expenditures in case of emergencies.

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

8. ITEM – Consider a resolution (Resolution 2017-02) authorizing the Board President to establish a line of credit for up to \$600,000 in collaboration with the Pajaro Dunes Association.

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

9. ITEM – Review draft of engineer’s report for 218 assessment process

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

10. ITEM- Review draft of budget details for 218 assessment process

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

11. ITEM – Review draft timeline for 218 assessment process

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

H. DIRECTORS COMMENTS AND CONCERNS

Members of the Board of Directors may address items of concern at this time, and may request that items be placed on future agendas in accordance with the By-laws of the Board.

I. ADJOURNMENT

The next Regular Meeting of the Board of Directors is scheduled for December 9, 2017, at 9:00 a.m. at the offices of the Pajaro Dunes Geologic Hazard Abatement District, Meadow Room, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076. Individuals who require special accommodations are requested to contact the District Clerk by calling (831) 761-7744, no less than 72 hours prior to the meeting or in the case of a Special Meeting, as soon as possible after the Agenda is posted. Copies of the agenda will be available 72 hours prior to the meeting and may be obtained by contacting the District at (831) 761-7744. All meetings are noticed and conducted in accordance with the Ralph M. Brown Act.

Term of Office-4 years

Director	First Appointed	Next Election
Robert E. Moore	1/10/09	General 2018
Robert Allen	12/10/16	General 2018
John Cullen	6/3/17	General 2018
James R. Griffin	11/11/17	General 2020
David Ferrari	6/3/17	General 2020



**REGULAR MEETING AGENDA
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT
Meadow Room, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076**

Saturday, August 12, 2017 9:00 a.m.

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

Bob Moore, President
Jim Griffin, Director
John Cullen, Director

David Ferrari, Director
Robert Allen, Director
Sarah Mansergh, Clerk

All present

B. MEMBER COMMENTS

Matters under the jurisdiction of the Board and not on the posted agenda, may be addressed by members of the public before the Board for consideration. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Board of PDGHAD. Any person wishing to address the Board during the Member Comment period shall be permitted to be heard for up to 3 minutes, A) individuals may speak only once and B) the Board is unable to address any owner comments in depth, but may choose to direct the Clerk to follow-up on the matter for a future meeting.

C. PRESIDENT’S REMARKS

The President will use this opportunity to inform the public of issues affecting the District and other items of a general nature not otherwise provided for on this agenda.

- Ensure contact information is up to date for emergency procedures
 - **Reviewed contact information with all board members Sarah Mansergh will follow up with off-site contacts**
- Ensure Form 700s are filed with the County-review with Sarah
 - **Sarah will send along link to all officers for any**
- Ethics training required biennially for board members-review with Sarah
 - **Sarah will send along link to ethics training and follow up with members**
- Meeting Calendar:
November 11th, 2017-**Bob Moore not in town**
December 9th, 2017

D. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered to be routine by the Board of Directors and will be enacted by one motion at the appropriate time. There will be no separate discussion on these items. If discussion is desired, that item will be removed from the Consent Calendar and will be considered separately.

1. Approval of minutes June 3, 2017 and June 24, 2017
Motion by Rob Allen, second by John Cullen
Unanimous Ayes from Board members-minutes approved

E. TREASURER'S REPORT

2. Financial Reports
 - Year ended June 30, 2017
 - Warrant listing
 - Accept reports by motion
 - **Wendy Cumming reviewed financial standing, including outstanding loans. Outlook: on budget by revenues, all items within budget.**
 - **Wendy answered question about check payment to Union bank.**
 - **John Cullen had questions about initial need for loans taken out. Loans from past expenses, emergency funds needed at the time. Can research specifics if needed.**

DECISION: John Cullen moves to accept Financial Reports, Jim Griffin seconds, Unanimous Ayes-reports accepted.

F. COMMITTEE REPORTS

2. Committee Appointments
Bob Moore: Thoughts on Appointments to these committees?
Rob Allen: Do we want to appoint to committees?
Continuing discussion including: Attendee comment-setting up committees allows work to continue between meetings; value of committees-opinions offered on usefulness, could speed up processes; may be more valid if everyone is just brought together and truly focused; committees are helpful when they are truly focused and oriented to a specific task set. Questions about roles of committees-Bob Moore provided some description.
No decision reached: Will agendize this topic for the next meeting
3. Finance and Budget Committee-general finance and budgeting information-No report/committee
4. Community Membership and Relations Committee –outreach for assessment election-No report/committee
5. Seawall Application and Repair Committee-outreach to Ca Coastal Commission, County
6. Meetings attended by Directors at District expense since the last meeting of the Board (per AB1234 requirements). Such reports may be made orally or in writing. -None

G. NEW BUSINESS

7. ITEM – Review and confirm Conflict of Interest Code for 2017

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

Discussion: Sarah Mansergh explained this is a biennial review of the document and just need to confirm this is the continuing policy regarding conflict of interest or change if needed.

Decision: Motion to affirm the item as is by John Cullen and seconded by Dave Ferrari
Unanimous Ayes-confirmed Conflict of Interest Code as stated in packet

8. ITEM – Review and Update Emergency Action Plan

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

Discussion: Changes to Tree: Update all Board members, PDA president to replace Steve Brock, update Battalion Chief instead of Fire Station. Suggested- by John C.-add decision pieces to flow diagram. May want to integrate our concerns into larger County wide emergency plans etc.

PDA->GHAD, PDA Pres. and board, And Fire Station

Define all GHAD members->engineer of record and Granite Rock

Engineer->County, Mobilization Coordinator

Where do Homeowners fall on this chart? Coastal Commission?

Verify all contacts (Sarah)

Guidance document for reasonable and relevant information needs to be included. Record all information during the emergency process.

Discussion from Carol Turley (PDA ataff) and public on the process needed to make a call on what is actually an emergency. What is the criteria? Who pays if it is a mistake? Would like an accessory document

Bob Moore: Carol contacts GHAD board...

Question: Is this a decision tree or a communication tree?

Mike- Order of communications seems to be outlined and he suggested an additional document to better explain the process-a “process sheet”.

Carol-would like advice from engineers on what to look for-seeing filter fabric, drop off from stairs etc. What are the key clues for them to implement the emergency action plan. Want a criteria of what is a breach, a major incident etc.? Suggesting a judgement/criteria threshold.

John Cullen-decision points need to be clarified,

Bob Moore-Would like Jeff Dunne to provide us with some guidelines. Mike will coordinate with Jeff to cover these topics in the next meeting.

Sarah Mansergh will create flow chart/decision making tree for board approval

DECISION: Tabled and will set up future meeting/study session with ARUP-engineer of record. Mike to contact Jeff Dunn and determine availability. Sarah to set up meeting.

9. ITEM-Review and consider proposals for audit services for fiscal year ended June 30, 2017

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

Wendy Cummings described the two proposal covering costs, continuity questions, and provided suggestion that it can be to switch firms every once in a while to ensure that audit is fully realized each time-combating complacency. However, some more documentation is needed with a new firm. Comments from public-good to stick with the ones who have the documents, also Carol clarified that an employee of H&B is a homeowner but there is a firewall between this member and the audit.

DECISION: Motion put forward to utilize Hutchinson and Bloodgood by Rob Allen, second by David Ferrari.

Unanimous ayes-will hire Hutchinson and Bloodgood.

10. ITEM – Consider adopting resolution 2017-xx, for Special Assessment, for general and administrative budgets for the fiscal year ended June 30, 2018.

- a. Board report
- b. Public comment
- c. Board discussion
- d. Board action

Mike Rodriquez-Assesments have been sent to the County already as information, Board needs to review and affirm that this is the correct schedule, and we have followed the necessary process to confirm this is the correct breakdown of assessment. The budget is up to date, has been approved and that this assessment covers our normal operational budget for this year. The vote for the assessment is weighted based on property location. So are the assessments.

Talked with Jeff Dunne-engineer of record-want to have a future meeting that clarifies how the engineer has calculated the assessment break down, what is involved in the assessment process, what we have to do to move forward with the special assessments. Jeff needs final guidance in how to complete the engineer's report.

If board approves the next special assessments, then you can use that as security to fill any gap between approval and collecting proceeds (March 2019 earliest). Approval would be sent to the County which would put this on the election roll next Fall, actual money collection starts March 2019. Do not need PDA as guarantor for loan.

PDA Pres (Bob): Is GHAD asking for an approval of a loan if an emergency occurs before assessment is approved? This requires some work on the PDA's part. Would like to work with a couple of board members to formalize that agreement.

Bob Moore-PDA asked GHAD if FEMA would be responsible for an emergency here. Bill Lyon said he would ask ARUP to confirm. GHAD has received an outstanding invoice from ARUP for multiple hours spent on researching this information. Billed \$2087 for this, no room in our budget

Motion: Jim Griffin motion to adopt resolution, Rob, second. All ayes

H. DIRECTORS COMMENTS AND CONCERNS

Members of the Board of Directors may address items of concern at this time, and may request that items be placed on future agendas in accordance with the By-laws of the Board.

John Cullen- Director through November 2017 or 2018? Sarah will follow up and verify

I. ADJOURNMENT

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Motion to close meeting: John Cullen puts forward motion Rob Allen seconds.



**SPECIAL MEETING/STUDY SESSION AGENDA
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT
Board Room (note location), Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076**

Saturday, September 16th, 2017 9:00 a.m.

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

Bob Moore, President **present**
Jim Griffin, Director **present**
John Cullen, Director **present**

David Ferrari, Director **present**
Robert Allen, Director **not present**
Sarah Mansergh, Clerk **present**

B. MEMBER COMMENTS

Matters under the jurisdiction of the Board and not on the posted agenda, may be addressed by members of the public before the Board for consideration. However, California law prohibits the Board from taking action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Board of PDGHAD. Any person wishing to address the Board during the Member Comment period shall be permitted to be heard for up to 3 minutes, A) individuals may speak only once and B) the Board is unable to address any owner comments in depth, but may choose to direct the Clerk to follow-up on the matter for a future meeting.

C. PRESIDENT’S REMARKS

The President will use this opportunity to inform the public of issues affecting the District and other items of a general nature not otherwise provided for on this agenda.

- September 9th, 2017 PDA meeting overview from Bob Moore about receiving a loan from PDA in case of emergency this winter and terms that were suggested.
PDA has approved a letter of credit for \$600,000 through Santa Cruz County Bank Wendy please draft. Bob will follow up with PDA and confirm terms with their directors. PDA is drafting terms and requirements for repayment. Mike to review. Bob-we would maintain the line of credit until we have fully realized the proposed assessment funds
- Meeting Calendar:
November 11th, 2017 **John Cullen possible (may need to phone into), Bob Moore (not vacation),**
December 9th, 2017

Add Rob Allen’s oath of office to the agenda. Appoint officers,

D. NEW BUSINESS

This meeting is called as a special study session to discuss 2 key items with the engineer of record for the PDGHAD-Jeff Dunn with ARUP. The goal is to provide board members with a question and answer session between the GHAD board, PDA staff and the engineer. No action will be taken on these items except to direct staff to prepare documents for future meetings.

ITEM 1– Review and discuss the Emergency Action Plan with PDA staff and Jeff Dunn. This will include questions about what constitutes an emergency; who will be responsible for communications; and how to ensure compliance during an emergency.

- a. Board report
- b. Public comment
- c. Board discussion

Directions to Sarah-Update contacts with Graniterock and ARUP, ensure rocks are available, update page with Sheriff etc. Will make final approvals at future meeting.

ITEM 2– Discussion about special assessment including background information; what to expect from the engineer's report; how the allocation of costs to homeowners is determined; procedures for completing an assessment election; and steps that need to be taken by the board to initiate the process.

- a. Board report
- b. Public comment
- c. Board discussion

Jeff Dunne estimates that an update the guidance document from 2002-cost of about \$5-10,000. \$500,000 is good enough to have as funds for a largish problem. When emergency plan is in place communicate with Coastal Commission. Also pass along to County Planning Director and State Parks.

Mike Rodriquez-The assessment plan was to collect the \$500,000 emergency fund over several years. The assessment was also to update the costs of administrative operations-the annual CPI has not kept up with previous budget needs. The new assessment budget includes an increase in administrative funds for inspections, website maintenance etc.

John Cullen-who will put together an updated administrative budget? Mike-staff (Wendy, Mike and Sarah).

Mike R.-Emergency fund collection should probably need to just be for Zone 1 funds?

Bob Moore-the seawall includes 11% that they are responsible for but a different section.

John Cullen-how much do Pelicans have to cover longer term emergencies on the seawall. What responsibility does GHAD have for ensuring Pelicans has funds for emergency.

Bob Moore-Jeff, what types of threat is for that section-30ft sheetpile-?

Jeff Dunne-corrosion is biggest issue. This will take several years. Risk would change if river shifts position. Designed for congruent flow.

Wendy-restricted funds of about \$70,000 left for Pelicans that is for maintenance and repair.

Bob Moore-this assessment vote should just concentrate on the seawall.

John Cullen-would we then create a separate discussion that would address long term needs for Pelicans (Zone 2). Probably a different assessment time and time frame. Clarification-would we then not assess Zone 2 for the repairs of the seawall-the 11% they are responsible for? How long until document is ready? Wouldn't homeowners want to see how much for each portion of the costs. Should break down to emergency fund and administrative costs and % as well.

Bob Moore, Mike Rodriguez and Jeff Dunne-no, the assessment would still include those homeowners for the seawall costs. Zone 1 costs.

Bob Moore-new admin costs-are they adjusted so Pelicans only pays a percentage?

Wendy Cumming-yes our current budget reflects that.

Mike Rodriguez-steps for assessment-All 5 board members should be included in the final votes for engineer's report and the budget. Timeline-drafts should be available by November meeting.

Jeff Dunne-needs an updated budget from Wendy-(states she can have budget by end of month) What needs to be included in the tables. When do we want to do the assessment?

Mike Rodriguez-steps to take-all at the same meeting-adopt budget, single resolution-adopt resolution in one document –approve the engineer's report and levy an assessment. Another resolution is the President's report-summary of engineer's report, what the funds are and what they will be used for. Approve the balloting procedures, then approve the ballots and the letter that goes out with the ballots. That then starts a 45days timeline to send out ballots, and allow 45 days to vote.

Need to be at the assessor's office by August (10th/11th) 2018. March 2019 is when the money would finally be levied.

Line of credit-Would we reduce our line of credit as we begin getting funds? Will discuss with the banker but inform the bank that we will most likely be reducing the line of credit over that time frame-after we actually start pulling in funds.

For report: Do you want names? Do you want money break down table to include homeowners names? Consensus-We should remove the homeowners names from the table.

Admin budget-add regular inspections of the wall? How often and who would be doing them. Annually or biannually. Include costs for riverwall and seawall inspections. Riverwall recently was redone so probably not a major need in the next couple of years.

Invite Martin Walker (possibly the new engineer of record) to next meeting.

John Cullen-can we create a calendar/timeline for the dates of each step needed.

Public Comments-Costs of long term repair? Would the funds in emergency offset the long term repair? Probably could reduce the emergency fund cap needs.

Mangement agreement with County-was waiting on Army Corp report? Could we use the economic study to move things along? Assessment documents were withdrawn based on homeowner interactions not from the County. We never really went through the process of seeking approval from the entities. Do not have final list of documents needed from County to move approval forward. Have not had any response from County. This will affect the long term plans not the emergency fund. Also, wasn't there a map that had color coding about risks for each lot. ARUP-made a risk assessment stating that there wasn't a need for total replacement and the map highlighted the areas of risk.

Bob Moore-quotes from the PDA meeting: "PDA will not allow the seawall to fail and supports the GHAD and the current allotment. Wants to work ahead to keep in front of disasters." Who pays for what-homeowners versus GHAD?

Motion to adjourn to next regular meeting by Jim Griffin, seconded by John Cullen. all ayes.

E. DIRECTORS COMMENTS AND CONCERNS

Members of the Board of Directors may address items of concern at this time, and may request that items be placed on future agendas in accordance with the By-laws of the Board.

F. ADJOURNMENT

The next Regular Meeting of the Board of Directors is scheduled for November 11, 2017, at 9:00 a.m. at the offices of the Pajaro Dunes Geologic Hazard Abatement District, Meadow Room, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076. Individuals who require special accommodations are requested to contact the District Clerk by calling (831) 761-7744, no less than 72 hours prior to the meeting or in the case of a Special Meeting, as soon as possible after the Agenda is posted. Copies of the agenda will be available 72 hours prior to the meeting and may be obtained by contacting the

District at (831) 761-7744. All meetings are noticed and conducted in accordance with the Ralph M. Brown Act.

DRAFT

Pajaro Dunes Geologic Hazard Abatement District
Balance Sheet

As of October 31, 2017

Oct 31, 17

ASSETS

Current Assets

Checking/Savings

100000 · SCCB Zone 1 - 3957	30,570
100001 · SCCB Zone 2 - 3965	35,660
100003 · SCCB LTD- 0208	62,767
100400 · Union Bank Bond Holding	<u>254,941</u>

Total Checking/Savings 383,938

Accounts Receivable

120000 · Assessments Receivable	<u>123,667</u>
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Total Accounts Receivable 123,667

Other Current Assets

121500 · Prepaid Insurance	<u>7,253</u>
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Total Other Current Assets 7,253

Total Current Assets 514,858

Fixed Assets

150000 · Riverwall 3,000,000

160000 · Accumulated Depreciation (1,283,332)

Total Fixed Assets 1,716,668

TOTAL ASSETS 2,231,526

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

200000 · Accounts Payable	<u>(7,738)</u>
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Total Accounts Payable (7,738)

Other Current Liabilities

220000 · Accrued Interest	7,092
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255000 · Unearned Revenue	<u>24,931</u>
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Total Other Current Liabilities 32,023

Total Current Liabilities 24,285

Long Term Liabilities

260000 · NP SCCB (439k) Loan 88,559

285000 · Bonds Payable Z2 1,315,000

286000 · Bonds Payable Discount Z2 (52,250)

286500 · Amort. Bond Discount Z2 26,293

Total Long Term Liabilities 1,377,602

Total Liabilities 1,401,887

Equity

30000 · Opening Balance Equity 607,356

32000 · Retained Earnings 203,353

Net Income 18,930

Total Equity 829,639

TOTAL LIABILITIES & EQUITY 2,231,526

Note ~ GHAD owns \$15k of rock, that is stored with Granite Rock for future use.

Pajaro Dunes Geologic Hazard Abatement District
Profit & Loss Budget vs. Actual
 July through October 2017

	Zone 1			Zone 2		
	Jul - Oct 17	Budget	\$ Over Budget	Jul - Oct 17	Budget	\$ Over Budget
Ordinary Income/Expense						
Income						
410000 · Assessment Income	47,956	47,960	(4)	79,021	79,031	(10)
410050 · Assess. Income PDA Stairs						
Total Income	<u>47,956</u>	<u>47,960</u>	<u>(4)</u>	<u>79,021</u>	<u>79,031</u>	<u>(10)</u>
Expense						
610155 · Postage and Mailings	2	438	(436)			
615140 · Audit Expense						
61518 · Clerk	1,166	1,680	(514)	394	906	(512)
615415 · Accounting	6,412	8,050	(1,638)			
615416 · Assessment Admin. Expense	3,121	8,241	(5,120)	313	1,030	(717)
615617 · Website Maintenance	300	450	(150)			
615650 · Officer Election						
615656 · Board/Clerk Education						
616500 · Legal Fees	3,200	3,090	110			
628500 · Insurance Expense	4,332	4,464	(132)			
629030 · SBA Repayment to PHA Z2				30,952	30,952	
650000 · Bank Service Charges				117		
750000 · Depreciation Expense Z2				33,332	33,333	(1)
Total Expense	<u>18,533</u>	<u>26,413</u>	<u>(7,880)</u>	<u>65,108</u>	<u>66,221</u>	<u>(1,113)</u>
Net Ordinary Income	<u>29,423</u>	<u>21,547</u>	<u>7,876</u>	<u>13,913</u>	<u>12,810</u>	<u>1,103</u>
Other Income/Expense						
Other Income						
410070 · Interest & Penalty Income	1,675	17	1,658	50	50	0
Total Other Income	<u>1,675</u>	<u>17</u>	<u>1,658</u>	<u>50</u>	<u>50</u>	<u>0</u>
Other Expense						
855000 · Interest Expense	1,728	1,727	1	23,708	23,708	0
955500 · Interest Bond Discount				696	696	
Total Other Expense	<u>1,728</u>	<u>1,727</u>	<u>1</u>	<u>24,404</u>	<u>24,404</u>	<u>0</u>
Net Other Income	<u>(53)</u>	<u>(1,710)</u>	<u>1,657</u>	<u>(24,354)</u>	<u>(24,354)</u>	<u>0</u>
Net Income	<u><u>29,370</u></u>	<u><u>19,837</u></u>	<u><u>9,533</u></u>	<u><u>(10,441)</u></u>	<u><u>(11,544)</u></u>	<u><u>1,103</u></u>

Pajaro Dunes Geologic Hazard Abatement District
Profit & Loss Budget vs. Actual
 July through October 2017

	TOTAL		
	Jul - Oct 17	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
410000 · Assessment Income	126,977	126,991	(14)
410050 · Assess. Income PDA Stairs			
Total Income	<u>126,977</u>	<u>126,991</u>	<u>(14)</u>
Expense			
610155 · Postage and Mailings	2	438	(436)
615140 · Audit Expense			
61518 · Clerk	1,560	2,586	(1,026)
615415 · Accounting	6,412	8,050	(1,638)
615416 · Assessment Admin. Expense	3,434	9,271	(5,837)
615617 · Website Maintenance	300	450	(150)
615650 · Officer Election			
615656 · Board/Clerk Education			
616500 · Legal Fees	3,200	3,090	110
628500 · Insurance Expense	4,332	4,464	(132)
629030 · SBA Repayment to PHA Z2	30,952	30,952	
650000 · Bank Service Charges	117		117
750000 · Depreciation Expense Z2	33,332	33,333	(1)
Total Expense	<u>83,641</u>	<u>92,634</u>	<u>(8,993)</u>
Net Ordinary Income	43,336	34,357	8,979
Other Income/Expense			
Other Income			
410070 · Interest & Penalty Income	1,725	67	1,658
Total Other Income	<u>1,725</u>	<u>67</u>	<u>1,658</u>
Other Expense			
855000 · Interest Expense	25,436	25,435	1
955500 · Interest Bond Discount	696	696	
Total Other Expense	<u>26,132</u>	<u>26,131</u>	<u>1</u>
Net Other Income	<u>(24,407)</u>	<u>(26,064)</u>	<u>1,657</u>
Net Income	<u><u>18,929</u></u>	<u><u>8,293</u></u>	<u><u>10,636</u></u>

Pajaro Dunes Geologic Hazard Abatement District
Bank Account Activity
 As of October 31, 2017

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
100000 - SCCB Zone 1 - 3957						47,891.38
Bill Pmt -Check	07/19/2017	1293	Jarvis, Fay, Doport & Gibson, LLP		2,160.00	45,721.12
Bill Pmt -Check	07/19/2017	1294	Wendy L. Cumming, CPA		2,289.53	43,431.59
Bill Pmt -Check	08/11/2017	1295	Sarah Mansergh		497.36	42,934.23
Bill Pmt -Check	08/11/2017	1296	Wendy L. Cumming, CPA		2,533.16	40,401.07
Bill Pmt -Check	08/15/2017	1297	ARUP North America, LTD		2,887.50	37,513.57
Bill Pmt -Check	08/16/2017	1298	Jarvis, Fay, Doport & Gibson, LLP		300.00	37,213.57
Bill Pmt -Check	08/16/2017	1299	Wendy L. Cumming, CPA		587.40	36,626.17
Payment	09/15/2017	261129	County of Santa Cruz	1,480.94		38,107.11
Bill Pmt -Check	09/15/2017	1300	Jarvis, Fay, Doport & Gibson, LLP		3,180.00	34,927.11
Bill Pmt -Check	09/15/2017	1301	Sarah Mansergh		360.30	34,566.81
Bill Pmt -Check	09/15/2017	1302	Wendy L. Cumming, CPA		2,887.50	31,679.31
Bill Pmt -Check	10/12/2017	1303	Jarvis, Fay, Doport & Gibson, LLP		1,400.00	30,289.57
Bill Pmt -Check	10/12/2017	1304	Pajaro Dunes Association		2.49	30,287.08
Bill Pmt -Check	10/12/2017	1305	Sarah Mansergh		308.39	29,978.69
Bill Pmt -Check	10/12/2017	1306	Wendy L. Cumming, CPA		1,732.50	28,246.19
Deposit	10/13/2017		County of Santa Cruz	2,324.02		30,570.21
Total 100000 - SCCB Zone 1 - 3957				3,804.96	21,126.13	30,570.21
100001 - SCCB Zone 2 - 3965						66,318.60
Bill Pmt -Check	07/19/2017	1265	Pelican Home Owner's Association		7,738.00	58,580.60
Bill Pmt -Check	07/19/2017	1266	Wendy L. Cumming, CPA		282.97	58,297.63
Bill Pmt -Check	08/11/2017	1267	Pelican Home Owner's Association		7,738.00	50,559.63
Bill Pmt -Check	08/11/2017	1268	Sarah Mansergh		61.47	50,498.16
Bill Pmt -Check	08/11/2017	1269	Wendy L. Cumming, CPA		313.09	50,185.07
Bill Pmt -Check	08/16/2017	1270	Wendy L. Cumming, CPA		72.60	50,112.47
Payment	09/15/2017	261129	County of Santa Cruz	2,850.52		52,962.99
Bill Pmt -Check	09/15/2017	1271	Pajaro Dunes Geologic Abatement District		1,745.64	51,217.35
Bill Pmt -Check	09/15/2017	1272	Pelican Home Owner's Association		7,738.00	43,479.35
Bill Pmt -Check	09/15/2017	1273	Sarah Mansergh		44.53	43,434.82
Bill Pmt -Check	10/12/2017	1274	Pelican Home Owner's Association		7,738.00	35,696.82
Bill Pmt -Check	10/12/2017	1275	Sarah Mansergh		38.11	35,658.71
Deposit	10/13/2017		County of Santa Cruz	1.52		35,660.23
Total 100001 - SCCB Zone 2 - 3965				2,852.04	33,510.41	35,660.23
100003 - SCCB LTD- 0208						104,904.97
Deposit	07/31/2017			13.37		104,918.34
Check	08/25/2017	ETF	Santa Cruz County Bank		31,192.79	73,725.55
Check	08/25/2017	ETF	Santa Cruz County Bank		16,179.77	57,545.78
Deposit	08/31/2017			11.45		57,557.23
Payment	09/15/2017	261129	County of Santa Cruz	2,573.77		60,131.00
Deposit	09/30/2017			4.82		60,135.82
Deposit	10/13/2017		County of Santa Cruz	2,625.83		62,761.65
Deposit	10/31/2017			5.24		62,766.89
Total 100003 - SCCB LTD- 0208				5,234.48	47,372.56	62,766.89

11:29 AM
 11/06/17
 Accrual Basis

Pajaro Dunes Geologic Hazard Abatement District
Bank Account Activity
 As of October 31, 2017

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
100400 · Union Bank Bond Holding						359,683.29
Check	07/31/2017				28.59	359,654.70
Deposit	07/31/2017			14.76		359,669.46
Check	08/16/2017	atm	Union Bank, N.A.		106,420.00	253,249.46
Check	08/31/2017				25.22	253,224.24
Deposit	08/31/2017			12.92		253,237.16
Bill	09/18/2017		Pajaro Dunes Geologic Abatement District	1,745.64		254,982.80
Check	09/30/2017				25.62	254,957.18
Deposit	09/30/2017			10.07		254,967.25
Check	10/31/2017				37.53	254,929.72
Deposit	10/31/2017			11.17		254,940.89
Total 100400 · Union Bank Bond Holding				1,794.56	106,536.96	254,940.89
TOTAL				13,686.04	208,546.06	383,938.22

ITEM #4

AUDITED FINANCIAL DOCUMENTS ARE PENDING.
WILL BE DISTRIBUTED IN SECOND BOARD PACKET.



Pajaro Dunes Geological Hazard Abatement District Board Officer Job Descriptions

Current positions as stated in by-laws (see official descriptions next page):

President:

The main responsibilities of the acting board president are to chair the PDGHAD meetings and generally guide and mediate PDGHAD priorities and governance concerns. The position is the main contact for GHAD business and acts as signatory on all Resolutions. May also act as *ex officio* of any standing committees.

Vice-President:

The vice-president will act to assist the president in guiding the PDGHAD in executing its priorities and may serve in the president's place when the president is unavailable.

Treasurer:

The role of the treasurer will be to coordinate with the Accountant to review financial documents and help develop financial policies and procedures for the Board. The treasurer may serve in the president's place if the president and vice-president are unavailable.

Suggested additional roles:

Secretary:

The role of the secretary will be to provide initial review of meeting minutes and reports.

Community Liaison:

The role of the community liaison will be to help coordinate communications with the PD homeowners including outreach activities and information sessions.

PDGHAD Bylaws:

8.1 The President shall:

- 8.1.1 Call all meetings of the Board of Directors.**
- 8.1.2 Preside at all meetings of the District.**
- 8.1.3 Organize and oversee Assessment Elections.**
- 8.1.4 Supervise communications between the District and other governmental agencies or other members of the public.**

8.2 The Vice-President shall:

- 8.2.1 Preside in the absence of the President and**
- 8.2.2 Perform such other duties as are assigned by the Board of Directors.**
- 8.2.3 Be familiar with the District activities and the Geologic Hazard Abatement District codes and bylaws.**

8.3 The Treasurer shall:

- 8.3.1 Oversee financial records of the District**
 - Review bank reconciliations at least quarterly**
- 8.3.2 Oversee audits as required by State law**
- 8.3.3 See that all funds are kept in financial institutions approved by the Board.**
- 8.3.4 Submits financial statements of all income and expenditures of the District at the end of each fiscal year.**

8.4 The District Clerk shall:

- 8.4.1 Serve as Secretary of the Board of Directors.**
- 8.4.2 Prepare minutes of all meetings of the Board of Directors in a timely manner and disperse them to the members of the Board.**
- 8.4.3 Oversee bookkeeping under direction of the Treasurer.**
- 8.4.4 Disburse funds as directed by the Board of Directors.**
- 8.4.5 Assist the President with Assessment Elections**
- 8.4.6 Perform such other duties as are assigned by the Board of Directors.**

BYLAWS
of the
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Article 1: Name

The name of this organization shall be the Pajaro Dunes Geologic Hazard Abatement District (the District).

Article 2: Purposes

The purpose of this District shall be exclusively concerned with prevention, mitigation, abatement or control of geologic hazards within the District. These purposes include:

- 2.1 Recognition of potential geologic hazards.
- 2.2 Planning and conducting, with appropriate professional consultation, for repair and maintenance of the rock revetment sea wall and the timber frame river wall within the District.
- 2.3 Consultation with legal counsel.
- 2.4 Acquisition of authority to repair and maintain the rock revetment seawall and the timber frame river wall located within the boundaries of the District.
- 2.5 Functioning in accordance with State law, especially Division 17 of the Public Resources Code (Section 26500), the Brown Act (Government Code 54950) and the California Constitution Article XIII C and D (Proposition 218).
- 2.6 Financing District operations through appropriate means available to the District.

Article 3: Organization

The District shall consist of two zones.

Zone 1 is responsible for the rock revetment seawall and includes all members of the District. Its boundaries are coincident with the boundaries of the Pajaro Dunes (South) development.

Zone 2 is responsible for the timber frame river wall and includes the 87 members of the Pelican Homeowners Association, a subdivision of the Pajaro Dunes development. The boundaries of Zone 2 are coincident with the boundaries of the Pelican Point Condominium Project.

Article 4: Membership

The District consists of the owners of all 256 lots and condominiums at Pajaro Dunes, as well as four parcels of land owned by the Pajaro Dunes Association and one parcel of land owned by the Pajaro Dunes Rental Agency. The parcels of land included within the District are listed in Appendix A. Current owners and their addresses are also listed in Appendix A.

Article 5: Board of Directors

The operation of the District shall be under the control of a Board of Directors consisting of five individuals who are members of the District. The Board shall be elected by the members of the District under Public Resources Code Section 26583 and Elections Code Section 10500 and following. It is the intention of the Board of Directors of the District that the membership of the Board shall be identical with the membership of the Board of Directors of the Pajaro Dunes Association.

Normally, the term of office of a Director shall be four years and elections shall be called and conducted and the results canvassed, returned and declared pursuant to the Uniform District Election law (commencing with Section 10500 of the Elections Code). Exceptions shall be at the time of original formation of the District, when the length of term was specified for each member of the Board of Directors by the Board of Supervisors of Santa Cruz County. Upon resignation of a Director, a quorum of the Board shall appoint a replacement.

The Board of Directors of the District shall:

- 5.1 Conduct all business in accordance with the Geologic Hazard Abatement District codes, as presented in Division 17 of the Public Resources Code of the State of California.
- 5.2 Appoint officers of the Board.
- 5.3 Appoint a Clerk of the district.
- 5.4 Approve a budget for each fiscal year.
- 5.5 Approve all major budgetary expenditures.
- 5.6 Conduct Assessment Elections as required and in accordance with the California Constitution Article XIII C and D (Proposition 218).

- 5.7 Conduct all meetings of the Board in accordance with the Ralph M. Brown Act, Government Code 54950.

Article 6: Meetings

The Board shall meet at least twice a year, or more frequently if necessary, to conduct the business of the District. Notification of all meetings shall be in compliance with the provisions of the Brown Act, commencing with Section 54950. Special meetings may be called by the Board on an emergency basis if necessary.

Article 7: Officers

The Board shall annually elect, from among its members, a President, a Vice-President and a Treasurer. The Clerk of the District shall serve as the Secretary of the District. Any officer vacancy will be filled by election of the majority of the Board.

Article 8: Duties of the Officers

- 8.1 The President shall:
- 8.1.1 Call all meetings of the Board of Directors.
 - 8.1.2 Preside at all meetings of the District.
 - 8.1.3 Organize and oversee Assessment Elections.
 - 8.1.4 Supervise communications between the District and other governmental agencies or other members of the public.
- 8.2 The Vice-President shall:
- 8.2.1 Preside in the absence of the President and
 - 8.2.2 Perform such other duties as are assigned by the Board of Directors.
 - 8.2.3 Be familiar with the District activities and the Geologic Hazard Abatement District codes and bylaws.
- 8.3 The Treasurer shall:
- 8.3.1 Oversee financial records of the District.
 - Review bank reconciliations at least quarterly

- 8.3.2 Oversee audits as required by State law.
 - 8.3.3 See that all funds are kept in financial institutions approved by the Board.
 - 8.3.4 Submit financial statements of all income and expenditures of the District at the end of each fiscal year.
 - 8.3.5 Perform such other duties as are assigned by the Board of Directors.
- 8.4 The District Clerk shall:
- 8.4.1 Serve as secretary of the Board of Directors.
 - 8.4.2 Prepare minutes of all meetings of the Board of Directors in a timely manner and disperse them to the members of the Board.
 - 8.4.3 Oversee bookkeeping under direction of the Treasurer.
 - 8.4.4 Disburse funds as directed by the Board of Directors.
 - 8.4.5 Assist the President with Assessment Elections
 - 8.4.6 Perform such other duties as are assigned by the Board of Directors.

Article 9: Candidates

Candidates for the District Board of Directors shall be property owners in the District (Public Resources Code 26567) and shall submit candidacy forms in accordance with Elections Code 10510 and 10511.

Article 10: Bylaws Amendments

These bylaws may be amended by a simple majority vote of the Board of Directors, provided the proposed amendment has been distributed to the Directors at the previous meeting of the Board.

Article 11: Parliamentary Authority

The Conduct of all meetings of the District shall be in accordance with the Roberts Rules of Order.

John Lundell
President

ITEM #6

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Former Resolution

**BOARD OF DIRECTORS
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT**

Resolution Authorizing the Board President/Vice President to Make Emergency Expenditures, Subject to Subsequent Board Ratification

Resolution No. 02-2016

WHEREAS, as is set forth in the Pajaro Dunes Geologic Hazard Abatement District (“District) Plan of Control, the District was formed for the purpose of inspecting, maintaining and repairing the revetment seawall and riverwall located within the District, both of which serve to protect life, homes and property from the hazards of river erosion, coastal erosion and coastal flooding; and

WHEREAS, the District’s Board is particularly concerned with the District’s ability to carry out the aforesaid duties on an emergency basis; and

WHEREAS, the District has already taken steps to facilitate emergency response to hazards represented by natural causes, such as severe storms and earthquakes, including but not limited to the development of an Emergency Response Plan, which includes a recommended process to mobilize contractor assistance in emergencies, execution of a contract for professional Services with Arup North America, Ltd, as Engineer of Record, to provide general engineering services and to respond to and provide direction and supervision of emergency service responses, and execution of a contract with Granite Construction to perform actual emergency repairs; and

WHEREAS, while in most cases public entities such as the District must go through a formal bidding processing for procuring contract services for public works projects like repairs to the revetment seawall and riverwall, provisions in the Public Contract Code allow for formal contacting to be dispensed with upon a finding made by an entity’s board, usually at a special meeting, when an emergency situation exists; and

WHEREAS, due to unique circumstances concerning the District, such as the fact that members of the District’s Board may not be in residence within the District for varying significant periods of time, or the fact that limited access to the District may make it difficult or impossible to return to the District on an expedited basis during an emergency, the Board’s ability to call and hold a special meeting during emergency conditions, even by electronic means, may be hampered; and

WHEREAS, in order to facilitate an adequate and timely response to emergency circumstances, vital to the protection of public health and safety as well as public property, the Board desires to authorize the Board President, or in his absence, the Vice President, with the authority to expend a limited specified amount of District funds for emergency services until the District’s Board as a whole can meet and respond to emergency needs.

NOW THEREFORE, BE IT RESOLVED by the Board of the Pajaro Dunes Geologic Hazard Abatement District that the Board President, or in his absence the Vice President, is authorized to approve and make expenditures for contractual services in an emergency situation, without bidding, in an amount not to exceed \$75,000.00. Said limited authority is subject to the following conditions.


1. The Board President/Vice President must first attempt to call for an emergency meeting of the Board subject to the provisions of the Ralph M. Brown Act (Government Code Sections 54950-54963). All such efforts shall be documented.
2. The Board President/Vice President, in coordination with the District's Engineer of Record and contract construction company, may authorize the immediate expenditure of not more than \$75,000.00 for work to be performed necessary to protect life, health and property within the District during an emergency, without compliance with competitive bidding procedures. For purposes of this resolution, "emergency" shall be defined as "a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services." All expenditures shall be documented in writing.
3. As soon thereafter as possible, the District shall hold a meeting (regular, special or emergency) in accordance with the Ralph M. Brown Act, to take action as necessary to declare an emergency and authorize expenditures in accordance with Public Contract Code Sections 1102, 20168, and 22050, and shall place any and all actions and expenditures taken in accordance with the authority granted herein before the Board for consideration for retroactive approval.
4. The authority granted by the resolution shall not relieve the President/Vice President from any and all obligations to coordinate District emergency responses with any other entity having jurisdiction over District activities in such circumstances.

PASSED AND ADOPTED by the Board of Directors of the Pajaro Dunes Geologic Hazard Abatement District of the County of Santa Cruz, State of California, this 12th day of December, 2015, by the following vote:

AYES: Directors: Bill Lyons, Jim Griffin, Bob Moore, David Bower, Raul Deju
NOES: None
ABSENT: None
ABSTAIN: None



President Bill Lyons, Board of Directors

ATTEST 
Wendy Cumming, Clerk of the Board

**BOARD OF DIRECTORS
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT**

**Resolution Authorizing the Board President to establish a line of credit for up to \$600,000
in collaboration with the Pajaro Dunes Association**

Resolution No. 2017-02

WHEREAS, as is set forth in the Pajaro Dunes Geologic Hazard Abatement District (“District) Plan of Control, the District was formed for the purpose of inspecting, maintaining and repairing the revetment seawall and riverwall located within the District; and

WHEREAS, the District’s Board is concerned with the District’s ability to fund the aforesaid duties should an emergency arise before any assessments may be authorized; and

WHEREAS, the District’s Board notes that the cooperation of the Pajaro Dunes Association is paramount in helping to obtain this bridge loan; and

WHEREAS, the District President did correspond with the PDA Board (letter attached) and did attend the PDA meeting on September 9th to discuss this possibility with the PDA Board with a response of support to move forward to formalize a plan for obtaining the loan;

NOW THEREFORE, BE IT RESOLVED that the Board of the Pajaro Dunes Geologic Hazard Abatement District states that:

- 1) The President of Pajaro Dunes Geologic Hazard Abatement District is authorized to pursue the establishment of a line of credit of up to \$600,000 on behalf of PDGHAD.
- 2) The PDGHAD President will formalize cooperation with the Pajaro Dunes Association.

PASSED AND ADOPTED by the Board of Directors of the Pajaro Dunes Geologic Hazard Abatement District of the County of Santa Cruz, State of California, this 11th day of November, 2017, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

President Robert E. Moore, Board of Directors

ATTEST _____
Sarah Mansergh, Clerk of the Board

Dear Bob:

I am writing to inform you and the PDA board of the progress we have been making in preparing for an Assessment Election as well as a request for a bridge loan.

We have established ARUP as the engineer of record and they are in the process of developing the engineering report, which is required to go forward with the Assessment Election.

We have called for a special GHAD meeting scheduled for September 16, 2017. The purpose of this meeting is to **provide direction necessary** to finalize the documentation required to proceed with the mailing for the election. Jeff Dunn representing ARUP, Mike Rodriguez GHAD attorney, Wendy Cumming GHAD CPA, will be in attendance. They are collectively responsible for drafting the documentation required for the Assessment Election. There will be a quorum with at least four members of the GHAD board in attendance. We have also requested that Carol Turley attend to provide historical context. The purpose of this meeting is to finalize the documentation required to proceed with the mailing for the election.

We have updated a draft of the Emergency Contact List and the Emergency Action Plan. (Copy attached) These draft documents will be reviewed and finalized at the GHAD special meeting, on September 16, 2017.

The GHAD board intends to actively solicit support from all homeowners for the passage of the Assessment.

Wendy Cumming has been in contact with our bank and she has been given assurances that we will be granted a loan once the assessment election has passed. Details of the loan we would receive will be subject to full board consideration and action (if warranted) at a regular or special Board meeting in the near future,

Given the current time frame it is unlikely that we will be able to obtain funds prior to the upcoming storm season. The GHAD board is therefore making a formal request to the PDA board to provide a bridge loan of \$600,000 which will enable the GHAD board to have the necessary funds available to take the actions, as outlined in the emergency plan of action. Without this loan the GHAD board will be unable to act, as it has no funds. All homeowner's homes will be at risk without funds and no emergency plan of action can be initiated.

This action has precedent as previous PDA boards have provided bridge loans to GHAD in the past.

Best regards,
Bob

ITEM #8 Additional Info

LETTER FROM BANK IS PENDING. WILL BE DISTRIBUTED IN SECOND BOARD PACKET.

ITEM #9

ENGINEER'S REPORT IS PENDING. WILL BE DISTRIBUTED IN SECOND BOARD PACKET.

SUPPLEMENTAL SUPPORT FOR 218 BUDGET CALCULATIONS

Administrative and Operating Expenses	<u>Notes</u>	<u>Zone 1</u>		<u>Zone 2</u>	
General and Administrative Expenses					
Printing and mailings	(A)	\$ 7,425		\$ -	
Communications and Website maintenance	(B)	5,400		-	
Office Supplies	(C)	550		-	
Advertising	(D)	2,200		-	
Insurance	(E)	10,000		-	
Membership Dues	(F)	1,650		-	
Total General and Administrative Expenses		27,225	9.3%	-	0.0%
Professional Services					
Legal Consultant	(G)	18,000		-	
Contract costs for Assessment calculations	(H)	8,000		1,000	
Audit Fees	(I)	10,000		-	
Accountant Contract	(J)	18,315		-	
Clerk Contract/Admin. & Outreach	(K)	8,400		2,500	
Total Professional Services		62,715	21.3%	3,500	41.6%
Special District Compliance Costs					
Elections	(L)	2,475		-	
Board and Clerk Training	(M)	2,200		-	
Total Special District Compliance Costs		4,675	1.6%	-	0.0%
Seawall and River Wall Annual Inspection	(N)	24,450	8.3%	550	6.5%
Total Administrative and Operating Expenses		119,065	40.5%	4,050	48.2%
Capital Repair Costs/Expenses and Reserve	(O)	175,000	59.5%	4,360	51.8%
Total Proposed Budgets		\$ 294,065	100.0%	\$ 8,410	100.0%

Costs to be allocated to each zone based on estimated proportional benefit. Based on standard cost allocation formulas for GHAD as recorded by the engineer of record July 1, 2009.

- (A) 8 mailings per year, 262 properties, estimated \$1.50 per mailing
- (B) To include communication with membership, the public and other agencies, and website maintenance.
- (C) To include paper, envelopes, board meetings, misc.
- (D) Public notices of meetings to include newspaper advertisement.
- (E) Current insurance policy cost.
- (F) Annual dues to California Special District Association, California GHAD Association.
- (G) Legal costs for District council at meetings and for consultations. Estimate \$1,500 per month.
- (H) Contract costs annually \$9,900 for outsourcing of assessment administration and property transfer of ownership information
- (I) Fees for annual audit required by the County of Santa Cruz and as a requirement of a public agency.
- (J) Contract Accountant to include accounting, audit support, budgets preparation, and special accounting projects as needed
(4 hrs per month financial statements, check run, deposits + 35 hours annual audit, 5 board meetings
at 2 hours per meeting, annual compliance reports 5 hrs, budget preparation 8 hrs annually) = 111 hrs.
- (K) Contract for Clerk, secretarial services, administration, and outreach.
outreach and additional requests. Estimate 20 hours per month at \$35.00 per hour.
- (L) Santa Cruz County Annual Election Costs \$2,475, based on an election held every 2 years at \$4,950.
- (M) Mandatory compliance training and consultation as required by the State. Estimate \$2,200 per year.
- (N) Consulting Engineering inspection, to include annual inspection, survey work, presentations, and minor consultations. Estimated at \$25,000 per year.
- (O) **Capital Repair Costs/Expenses and Reserve Fund** include rock purchase and storage; emergency event response; major event repairs; legal support; insurance increases; penalties; mitigation; repair, permit costs (consultants, surveying, application and compliance costs, seawall repairs, negotiations, and project management), administrative overhead costs associated with capital repairs, and project costs (contractors, materials, construction management).

Regarding the reserve fund unused monies will be set aside for future emergency events and corresponding expenses. The goal is to maintain a minimum of \$600,000, for such events and expenses.

The amounts set forth herein are preliminary and are provided for presentation and discussion purposes only.

**Pajaro Dunes Geologic Hazard Abatement District
218 Budget
Proportional Benefit Allocation Charts**

November 9, 2017

GHAD Budget by Benefit Category	Zone 1 Annual Budget						
Category	Proportional Benefit	General & Administration Assessment Amount	Reserve Assessment Amount	No. of Units	Annual Payment per Unit	Monthly Payment	
Row 1 Houses	64.12%	\$ 76,343.29	\$ 112,208.25	67	\$ 2,814.20	\$ 234.52	
Row 2 Houses	7.57%	\$ 9,010.84	\$ 13,244.00	44	\$ 505.79	\$ 42.15	
Row 3,4 & 5 Houses	3.76%	\$ 4,476.84	\$ 6,580.00	40	\$ 276.42	\$ 23.04	
Cypress Townhomes	11.85%	\$ 14,103.25	\$ 20,728.75	23	\$ 1,514.43	\$ 126.20	
Pelican Condominiums	10.18%	\$ 12,119.63	\$ 17,813.25	87	\$ 344.06	\$ 28.67	
PDA Stairs	2.53%	\$ 3,011.15	\$ 4,425.75	1	\$ 7,436.90	\$ 619.74	
Total:		<u>\$ 119,065.00</u>	<u>\$ 175,000.00</u>	<u>262</u>			

The amounts set forth herein are preliminary and are provided for presentation and discussion purposes only.

**Pajaro Dunes Geologic Hazard Abatement District
218 Budget
Proportional Benefit Allocation Charts**

November 9, 2017

GHAD Budget by Benefit Category	Zone 2 Annual Budget					
Category	Proportional Benefit	General & Administration Assessment Amount	Reserve Assessment Amount	No. of Units	Annual Payment	Monthly Payment
Pelican Condominiums	99.47%	\$ 4,028.54	\$ 4,336.89	87	\$ 96.15	\$ 8.01
PDA Stairs	0.53%	\$ 21.46	\$ 23.11	1	\$ 44.57	\$ 3.71
Total:		<u>\$ 4,050.00</u>	<u>\$ 4,360.00</u>	<u>88</u>		

The amounts set forth herein are preliminary and are provided for presentation and discussion purposes only.

TIMELINE AND PROCEDURES FOR ASSESSMENT BALLOTING AND HEARING

The Board has requested an outline of the process for taking action to impose an assessment to cover the proposed new Administrative and Operating Budget for Zones 1 and 2 of the Pajaro Dunes Geologic Hazard Abatement District. It appears that the new budget will cover the cost of legal and accounting services, increased insurance coverage, state mandated compliance expenses, website maintenance, Board training, mailings, and annual seawall and river wall inspections. It also establishes a contingency reserve for future emergency seawall maintenance and repair.

The assessment process, as set forth in Division 17 of the California Public Resources Code and Section 4 of Article XIID of the California Constitution, is fairly complex. The process requires all proposed assessment increases and new assessments to be put to a vote of the impacted property owners. Assuming the Board wishes to move forward with the assessment process commencing at its regular meeting in February, the following process would be used:

Board Meeting of February 10, 2018

At the February meeting, the Board will consider taking action to impose an assessment to cover the new Administrative and Operating Budget for District Zones 1 and 2. The process will commence with consideration and adoption of a number of resolutions related to the assessment: the Board will be considering the adoption of the Engineer's Report prepared by Arup North America Ltd, and the President's Report, which establish the basis for the proposed new assessment, the means of calculating the new assessment, the budget for the new assessment, the Fiscal Year 2018-2019 per parcel assessment, and the intent to levy an assessment based on the Report in the coming 2018-2019 Fiscal Year. Other related resolutions subject to the Board's consideration would include approval and acceptance of the President's Report (which contains a condensed version of relevant information in the Engineer's Report), the balloting procedures to be used for voting on the proposed assessment, the actual form of the ballots to be sent to property owners, and the notice of assessment balloting and related public hearing that will be provided to all property owners. The District has the forms for all of these matters available for use.

If the involved resolutions are approved, the Clerk and Staff will undertake the following process:

1. The law requires a mailed notice of adoption of the assessment and a scheduled protest hearing. Proposition 218, passed by the voters on November 5, 1996, added Article XIID to the California Constitution. Article XIID, Section 4, requires the District to conduct a majority protest mailed assessment balloting hearing before imposing the assessment.
2. A notice and ballot, along with a prepaid, self-addressed return envelope, will be mailed to all property owners of record within both Zones 1 and 2 of the District at least 45 days prior to

the date of the public hearing on the proposed new assessment. The District Clerk will prepare the list of property owners of record by using the most current listing available from the County Assessor's Office.

3. Assessment Ballots must be returned by mail or delivered to 2661 Beach Road, Watsonville, California 95076, Attn: District Clerk. Assessment Ballots may be returned until the close of the public hearing to be held at a GHAD Board meeting on April 14, 2018. (April 14 is the next regularly scheduled meeting.)

Board Meeting of April 14, 2018

1. At the public hearing on April 14, 2018, the District Board will hear any public testimony regarding the proposed assessment, and accept ballots until the close of the public hearing. At the close of the public hearing, the assessment ballots (including those received at the hearing) will be tabulated, with ballots being weighted in accordance with the proportional benefit for each property, and the results will be announced; provided that, if the Board needs more time to accurately count assessment ballots, it may delay the announcement to a later meeting at a specified date. At the conclusion of the tabulation process, the President shall finalize the tabulation of the ballots and the Board Clerk shall certify the accuracy of the final count.

2. If the final tabulation of weighted ballots shows that a majority protest exists, the District Board will not impose the assessment. If no majority protest exists, the District Board will in all likelihood adopt a resolution confirming the assessment.

3. If the assessment is approved, the District Clerk will furnish the Santa Cruz County Auditor-Controller with a list of parcel numbers and assessments for each parcel required to pay an assessment, so the assessments can be collected as part of the Santa Cruz County property tax bill. The District Clerk shall record a notice of assessment, and the assessment shall attach as a lien upon the property, as provided in Section 3115 of the Streets and Highways Code. The deadline for the submission of this information changes on an annual basis, but it usually occurs during the first week of August.

4. The District will then receive assessment proceeds collected by the County in February or March of 2019.

**PAJARO DUNES GEOLOGIC HAZARD
ABATEMENT DISTRICT**

Financial Report

June 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pajaro Dunes Geologic Hazard Abatement District
Watsonville, California

We have audited the accompanying financial statements of Pajaro Dunes Geologic Hazard Abatement District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pajaro Dunes Geologic Hazard Abatement District as of June 30, 2017, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The information included in the accompanying Schedule I (page 25) is presented for additional analysis and is not a required part of the basic financial statements.

The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

As management of the Pajaro Dunes Geologic Hazard Abatement District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities and performance of the District for the year ended June 30, 2017. Please read this in conjunction with the District's basic financial statements.

Using This Financial Report

This annual report consists of management's discussion and analysis, the basic financial statements and notes to financial statements. Management's discussion and analysis provides a narrative of the District's financial performance and activities for the year ended June 30, 2017. The basic financial statements provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-Wide Financial Statements –

Statement of Net Position and Statement of Activities and Changes in Net Position

One of the most important questions asked about the District's finances is, "Is the District better off, or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in it. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base to assess the *overall health* of the District.

Government Fund Financial Statements –

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near term financial requirements.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the District's budgetary information.

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PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Government-wide Financial Analysis

Statement of Net Position (page 10)

Condensed Statement of Net Position

	6/30/2017	6/30/2016
Assets:		
Current and other assets	\$ 608,514	\$ 697,151
Capital assets net of depreciation	<u>1,750,000</u>	<u>1,850,000</u>
Total assets	<u><u>\$ 2,358,514</u></u>	<u><u>\$ 2,547,151</u></u>
Liabilities:		
Current liabilities	\$ 176,247	\$ 206,532
Long-term debt	<u>1,343,139</u>	<u>1,483,572</u>
Total liabilities	<u>1,519,386</u>	<u>1,690,104</u>
Deferred Inflows of Resources:		
Prepaid assessments	<u>24,931</u>	<u>32,059</u>
Net Position:		
Investment in capital assets, net of related debt	396,653	433,741
Restricted for debt service	144,825	144,825
Unrestricted	<u>272,719</u>	<u>146,422</u>
Total net position	<u>814,197</u>	<u>724,988</u>
	<u><u>\$ 2,358,514</u></u>	<u><u>\$ 2,447,151</u></u>

As noted earlier in this analysis, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities and deferred inflows by \$814,197 as of June 30, 2017. At June 30, 2017, the District reflected an accumulated balance in its unrestricted net position of \$272,719.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Government-wide Financial Analysis (Continued)

The District has 200 tons of riprap, which is stored at a site provided by Granite Rock. The cost of the rock and storage was \$15,000 and was incurred and expensed in September 2012. The agreement with Granite Rock expires December 31, 2022, at which point any unused rock is to be forfeited unless a new agreement is reached.

Statement of Activities and Changes in Net Position (page 11)

Condensed Statement of Activities and Changes in Net Position

	6/30/2017	6/30/2016
Expenses:		
Hazard abatement program	\$ 160,731	\$ 218,497
Interest on long-term obligations	84,848	94,578
Depreciation	100,000	100,000
Total expenses	<u>345,579</u>	<u>413,075</u>
General Revenues	<u>434,788</u>	<u>443,487</u>
Change in net position	89,209	30,412
Net position - beginning of year	<u>724,988</u>	<u>694,576</u>
Net position - end of year	<u>\$ 814,197</u>	<u>\$ 724,988</u>

The statement of activities and changes in net position shows how the government's net position changed during the year. In the case of the District, net position increased by \$89,209 during the year.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

Governmental Funds Financial Analysis

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2017, the District's General Fund reported a fund balance of \$136,895. The fund balance is not available for future spending because it has already been reserved for specific provisions (page 12).

Financial Highlights

- The District's general fund balance increased \$13,295, from \$123,600 to \$136,895 (page 14).
- The District's debt service fund balance decreased by \$2,706, from \$467,294 to \$464,588 (page 14).
- Assessment revenues of \$427,119 were below prior year by \$19,322, due to the paydown of one loan, and revenues were above budget by \$2,519.
- General fund operating expenses of \$160,731 (before depreciation) were below the prior reporting period by 26.43%, or \$57,766, due to lower technical consulting and legal costs. General fund operating expenses were below budget by \$3,243, or 1.97%.

General Fund Budgetary Highlights

Total revenues over expenditures for the District's general fund operations slightly exceeded the budget by \$1,105. Actual assessment revenues were slightly below budget by \$2,479.

Capital Asset Administration

Changes in capital assets for the year were as follows:

	<u>Balance</u> <u>6/30/2016</u>	<u>Additions/</u> <u>Transfers</u>	<u>Balance</u> <u>6/30/2017</u>
Depreciable capital asset	\$ 3,000,000	\$ --	\$ 3,000,000
Less accumulated depreciation	(1,150,000)	(100,000)	(1,250,000)
Total capital assets, net	<u>\$ 1,850,000</u>	<u>\$ (100,000)</u>	<u>\$ 1,750,000</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Management's Discussion and Analysis
 For the Year Ended June 30, 2017

Capital Asset Administration (Continued)

At June 30, 2017, the District's investment in capital assets amounted to \$1,750,000 (net of accumulated depreciation). This investment in capital assets consists solely of a riverwall. See note 3 for further information on the District's capital assets.

Debt Administration

Changes in long-term debt for the year were as follows:

	<u>Balance</u> <u>6/30/2016</u>	<u>Additions</u>	<u>Principal</u> <u>Payments</u>	<u>Balance</u> <u>6/30/2017</u>
Ltd Obligation improvement bonds	\$ 1,445,000	\$ --	\$ (65,000)	\$ 1,380,000
Other long-term debt	237,868	--	(105,581)	132,287
Total liabilities, net	<u>\$ 1,682,868</u>	<u>\$ --</u>	<u>\$ (170,581)</u>	<u>\$ 1,512,287</u>

Future Plans

The District's future plans involve solidifying plans to shore up the seawall by means of cost savings alternatives that do not involve rebuilding the entire wall. The District has now completed, through its Engineering contractor "ARUP", a study that recommends that a new wall is not needed. Their recommendation is to proceed with an aggressive program to repair and maintain the existing wall. A preliminary meeting was held with the California Coastal Commission to discuss the possible approaches.

Several meetings and discussions have taken place between the District's Engineer of Record (ARUP) and public agencies such as the California Coastal Commission and the California Parks Department in the obtaining of an emergency repair and maintenance a permit. A revised application was submitted to the California Coastal Commission in November 2015.

As of the date of this report there are insufficient funds to respond to permit application questions from the County of Santa Cruz. In order to move forward with the repair project permit the District would need to conduct an assessment election to raise approximately \$300,000 to respond to the County.

Additionally, the District is subject to penalties for rocks that were placed on State Parks property during emergency repairs in 2003 and 2004. The District is currently liable for penalties of \$5,045 per month. Total penalties to date are \$752,555, or \$2,940 per homeowner. The State has indicated that it is willing to abate those penalties once the rocks are removed as long as the District makes a good faith effort to continue to secure the needed permits from State agencies. In the interim, progress on the permit application for the seawall repair is stalled for lack of funds. An assessment election is required to raise those funds.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Management's Discussion and Analysis
For the Year Ended June 30, 2017

The GHAD is in the process of preparing the necessary documents to obtain a Letter of Credit for \$600,000. These funds will be necessary to be available to marshal the resources necessary to respond in the event of an emergency situation.

The GHAD is also in the process of developing the documents to conduct a 218 assessment election. If approved a portion of these funds will be used to complete the permitting process to allow us to begin the repair process outlined above

Contacting the District's Financial Management

The financial report is designed to provide a general overview of the District's accountability for the District's assets. If you have questions about this report or need additional financial information, contact the Pajaro Dunes Geologic Hazard Abatement District at 2661 Beach Road, Watsonville, California 95076 or (831) 761-7744.

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PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Government-Wide
 Statement of Net Position
 June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents, unrestricted (Note 2)	\$ 433,973
Cash and cash equivalents, restricted (Note 2)	144,825
Assessments receivable	11,859
Prepaid expenses	17,857
Capital assets, net of accumulated depreciation (Note 3)	<u>1,750,000</u>
 Total assets	 <u><u>\$ 2,358,514</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Liabilities:	
Accrued interest	\$ 26,721
Accounts payable	7,031
Long-term obligations:	
Long-term obligations - due within one year (Note 4)	142,495
Long-term obligations - due in more than one year (Note 4)	<u>1,343,139</u>
 Total liabilities	 <u>1,519,386</u>
Deferred Inflows of Resources:	
Prepaid assessments	<u>24,931</u>
COMMITMENTS AND CONTINGENCIES (Note 6)	
Net Position:	
Invested in capital assets, net of related debt	396,653
Restricted for debt service	144,825
Unrestricted	<u>272,719</u>
 Total net position	 <u><u>\$ 2,358,514</u></u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Government-Wide
 Statement of Activities and Changes in Net Position
 Year Ended June 30, 2017

Function	Expenses	Revenue	Total
Hazard abatement program	\$ 160,731	\$ --	\$ (160,731)
Interest on long-term obligations	84,848	--	(84,848)
Depreciation	100,000	--	(100,000)
	<u>\$ 345,579</u>	<u>\$ --</u>	<u>(345,579)</u>

General Revenues:

Assessment income	434,247
Interest earnings	<u>541</u>
Total general revenues	<u>434,788</u>
Change in net position	89,209
Net position - beginning of year	<u>724,988</u>
Net position - end of year	<u>\$ 814,197</u>

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PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Balance Sheet-Governmental Funds

June 30, 2017

	Governmental Fund Types		Total
	General	Debt Service	(Memorandum Only)
ASSETS			
Cash and cash equivalents, unrestricted (Note 2)	\$ 114,210	\$ 319,763	\$ 433,973
Cash and cash equivalents, restricted (Note 2)	--	144,825	144,825
Assessments receivable	11,859	--	11,859
Prepaid expenses	17,857	--	17,857
	<u>17,857</u>	<u>--</u>	<u>17,857</u>
Total assets	<u>\$ 143,926</u>	<u>\$ 464,588</u>	<u>\$ 608,514</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 7,031	\$ --	\$ 7,031
	<u>7,031</u>	<u>--</u>	<u>7,031</u>
COMITMENTS AND CONTINGENCIES (Note 6)			
Fund balances:			
Fund balance - reserved for debt service	--	464,588	464,588
Fund balance - reserved for reimbursement	136,895	--	136,895
	<u>136,895</u>	<u>--</u>	<u>136,895</u>
Total fund balances	<u>136,895</u>	<u>464,588</u>	<u>601,483</u>
	<u>\$ 143,926</u>	<u>\$ 464,588</u>	<u>\$ 608,514</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2017

Total fund balances of governmental funds	\$ 601,483
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	1,750,000
Accrued interest on debt that will not be paid with current financial resources are not considered in the Governmental Funds Balance Sheet.	(26,721)
Prepaid property assessments for limited obligation bonds were considered other financing sources in the year they were received in the Statement of Revenues, Expenditures, and Changes in Fund Balances. These funds are considered deferred inflows of resources of the District on the Statement of Net Position and are recognized as assessment income over a fifteen year period in the Statement of Activities and Changes in Net Position.	(24,931)
Long-term obligations are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet. The long-term obligations were adjusted as follows:	
Long-term obligations - due within one year	(142,495)
Long-term obligations - due in more than one year	<u>(1,343,139)</u>
Net position of governmental activities	<u><u>\$ 814,197</u></u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2017

	General	Debt Service	Total (Memorandum Only)
PROGRAM REVENUES			
Assessment income	\$ 165,425	\$ 261,694	\$ 427,119
Interest income	541	--	541
	<u>165,966</u>	<u>261,694</u>	<u>427,660</u>
Total revenues			
EXPENDITURES			
Insurance	15,745	--	15,745
Legal	11,780	--	11,780
Accounting	26,890	--	26,890
Office	1,412	--	1,412
Officer election	75	--	75
Website maintenance	1,750	--	1,750
Audit	7,500	--	7,500
Bond fee	635	--	635
Technical planning	2,088	--	2,088
Reimbursements:			
Pelican Homeowners Association	92,856	--	92,856
Debt service:			
Principal	--	170,581	170,581
Interest	--	85,759	85,759
	<u>160,731</u>	<u>256,340</u>	<u>417,071</u>
Total expenditures			
Excess of revenue over expenditures	<u>5,235</u>	<u>5,354</u>	<u>10,589</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in	8,060	--	8,060
Operating transfer out	--	(8,060)	(8,060)
	<u>8,060</u>	<u>(8,060)</u>	<u>--</u>
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE	13,295	(2,706)	10,589
BEGINNING FUND BALANCE	<u>123,600</u>	<u>467,294</u>	<u>590,894</u>
ENDING FUND BALANCE	<u>\$ 136,895</u>	<u>\$ 464,588</u>	<u>\$ 601,483</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Government-Wide
Statement of Activities and Changes in Net Position
Year Ended June 30, 2017

Net change in fund balances of governmental funds	\$ 10,589
Amounts reported for governmental activities in the Statement of Activities are different because:	
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(100,000)
The bond discount is reported as amortizable interest expense in the Government-Wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, the discount was reported as an expenditure the year the bonds were issued in Governmental Funds.	(2,088)
Accrued interest on long-term debt is reported as interest expense in the Government-Wide Statement of Activities and Changes in Net Position, but it does not require the use of current financial resources. Therefore, the accrued interest relating to the special assessment bonds is not reported in Governmental Funds.	2,999
The prepaid assessment revenue is classified as deferred inflows of resources in the Government-Wide Statement of Net Position and is recognized as assessment income over fifteen years in the Statement of Activities and Changes in Net Position. The prepaid assessments were considered other financing sources in the year they were paid and recognized entirely during that period in the Statement of Revenues, Expenditures, and Changes in Fund Balances.	7,128
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.	
Current year principal debt repayments	<u>170,581</u>
Change in net position of governmental activities	<u>\$ 89,209</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Year Ended June 30, 2017

	General Fund			Debt Service Fund		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
REVENUES						
Assessment income	\$ 167,904	\$ 165,425	\$ (2,479)	\$ 256,696	\$ 261,694	\$ 4,998
Interest income	200	541	341	--	--	--
Total revenues	<u>168,104</u>	<u>165,966</u>	<u>(2,138)</u>	<u>256,696</u>	<u>261,694</u>	<u>4,998</u>
EXPENDITURES						
Insurance	13,000	15,745	2,745	--	--	--
Legal	9,000	11,780	2,780	--	--	--
Accounting	34,003	26,890	(7,113)	--	--	--
Office	2,275	1,412	(863)	--	--	--
Officer election	2,000	75	(1,925)	--	--	--
Website maintenance	3,090	1,750	(1,340)	--	--	--
Audit	7,750	7,500	(250)	--	--	--
Bond fee	--	635	635	--	--	--
Technical planning	--	2,088	2,088	--	--	--
Reimbursements (Note 6)						
Pelican Homeowners Association	92,856	92,856	--	--	--	--
Debt service:						
Principal	--	--	--	170,581	170,581	--
Interest	--	--	--	86,115	85,759	(356)
Total expenditures	<u>163,974</u>	<u>160,731</u>	<u>(3,243)</u>	<u>256,696</u>	<u>256,340</u>	<u>(356)</u>
Excess (deficiency) of revenues over expenditures	<u>4,130</u>	<u>5,235</u>	<u>1,105</u>	<u>--</u>	<u>5,354</u>	<u>5,354</u>
OTHER FINANCING SOURCES (USES)						
Operating transfer out	--	8,060	8,060	--	--	--
Operating transfer in	--	--	--	--	(8,060)	(8,060)
Total other financing sources (uses)	<u>--</u>	<u>8,060</u>	<u>8,060</u>	<u>--</u>	<u>(8,060)</u>	<u>(8,060)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,130</u>	<u>13,295</u>	<u>\$ 9,165</u>	<u>\$ --</u>	<u>(2,706)</u>	<u>\$ (2,706)</u>
BEGINNING FUND BALANCE		<u>123,600</u>			<u>467,294</u>	
ENDING FUND BALANCE		<u>\$ 136,895</u>			<u>\$ 464,588</u>	

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the District: The Pajaro Dunes Geologic Hazard Abatement District (the District) was formed October 27, 1998 to reduce damage caused by severe storms to the Pajaro Dunes area located in southern Santa Cruz County. The District maintains two areas as follows:

- Zone 1, the boundaries of which are coterminous with the development known as Pajaro Dunes, the District maintains a rock revetment seawall.
- Zone 2, the boundaries of which are coterminous with the Pelican Point Condominium Project, the District maintains a sheet pile river wall.

Both of those structures were designed to reduce damage from 30-year storm events.

Basis of Accounting: The accounts of the District are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Basis of Presentation: Management's Discussion and Analysis – Government auditing standards require the financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of management's discussion and analysis (MD&A).

The District Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These two statements present summaries of Governmental Activities.

Government-Wide Financial Statements:

These statements are presented on an "economic resource" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Assessments and other items not properly included among program revenues are reported instead as general revenues.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued):

Governmental Fund Financial Statements:

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in government fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements. The District has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net position. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period (the District considers all revenues available if they are collected within 60 days after year-end). Property taxes are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Budgets: The District's Board of Directors annually adopts the budget for the District. Board of Directors action is required for the approval of budget revisions.

Property Assessment Revenue: Property assessments are governed by Proposition 218, which requires that assessments to operate the District be put to a vote of the members of the District. Property assessments are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. Santa Cruz County bills, collects, and remits the property assessments to the District. Taxes remitted within 60 days of year-end are accrued as assessments receivable.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: The District's capital assets are capitalized at historic cost. The District does not have a capitalization threshold for reporting capital assets. Donations or contributions of capital assets are recorded at fair market value when received.

Depreciation is recorded on a straight-line basis over the estimated useful life of the capital asset as follows:

Riverwall	30 years
-----------	----------

Depreciation expense totaled \$100,000 for the year ended June 30, 2017.

Total Columns on Governmental Fund Financial Statement: Total columns on the Governmental Fund financial statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

Classification of Net Position: In the Government-Wide financial statements, net position is classified in the following categories:

Invested in capital assets, net of related debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or the District's enabling legislation.

Unrestricted net position – This category represents the net position of the District, which is not restricted for any project or other purpose.

Use of Restricted/Unrestricted Net Position: When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

NOTE 2. CASH AND CASH EQUIVALENTS

The District maintains cash balances at two financial institutions and, from time to time during the year, the cash balances may be in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). In the event of insolvency by the financial institution, deposits in excess of insured amounts are potentially subject to unrecoverable loss.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

As described in Note 1, the District uses the County of Santa Cruz to bill, collect, and remit property assessments. During the time the County holds the District’s funds, the County maintains those funds in a cash and investment pool that is available for use by all funds with various financial institutions and a safekeeping agent. Each fund type’s portion of this pool is displayed on the combined balance sheet as “cash and cash equivalents”. Statutes authorize the County to invest in obligations of the U.S Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, banker’s acceptances, repurchase agreements, and the State Treasurer’s investment pool.

As detailed in the 2005 Limited Obligation Bond issuance statement the District is required to maintain a reserve fund in the amount of \$144,825 for the benefit of the District and the owners of the bonds as a reserve for the payment of principal and interest on the bonds.

NOTE 3. CAPITAL ASSETS

In accordance with government auditing standards, the District reported all capital assets in the Government-Wide Statement of Net Position. The District elected to use the “basic approach”, whereby accumulated depreciation and depreciation expense have been recorded.

District capital assets consist solely of a riverwall. Title to the riverwall transferred from the Pelican Homeowners Association to the District in 2009 after the issuance date of the 2005 Limited Obligation Improvement Bonds. The contribution of this asset is recorded in the Government-Wide financial statements as donated capital. The District currently does not anticipate constructing additional capital assets.

Capital assets of the District for the year ended June 30, 2017, consist of the following:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Riverwall	\$ 3,000,000	\$ --	\$ --	\$ 3,000,000
Less accumulated depreciation	<u>1,150,000</u>	<u>100,000</u>	<u>--</u>	<u>1,250,000</u>
	<u>\$ 1,850,000</u>	<u>\$ (100,000)</u>	<u>\$ --</u>	<u>\$ 1,750,000</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 4. LONG-TERM OBLIGATIONS

Long-term obligations and the related current portion as of June 30, 2017, consist of the following:

Bonds:

2005 Limited Obligation Improvement Bonds, variable interest at 3.2% - 5.1%, payable on March 2 and September 2; final payment September 2, 2030 \$ 1,380,000

Notes Payable:

Santa Cruz County Bank; secured by Zone 1 District assessment revenues; payable semi-annually on March 1 and September 1 with interest at prime plus 1%, with a floor of 5.5%; final payment due September 1, 2017 15,762

Santa Cruz County Bank; secured by Zone 1 District assessment revenues; payable semi-annually on March 1 and September 1 with interest at prime plus 1%, with a floor of 5.5%; final payment due March 1, 2019 116,525

1,512,287

Less bond discount, net (26,653)

Less current portion (142,495)

\$ 1,343,139

DRAFT

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 4. LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations for the year ended June 30, 2017, are as follows:

Debt	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due within one year
2005 Ltd Oblig.					
Improv. Bonds	\$ 1,445,000	\$ --	\$ 65,000	\$ 1,380,000	\$ 70,000
SCCB	46,155	--	30,393	15,762	15,762
SCCB	170,279	--	53,754	116,525	56,733
SCCB	21,434	--	21,434	--	--
	<u>\$ 1,682,868</u>	<u>\$ --</u>	<u>\$ 170,581</u>	<u>\$ 1,512,287</u>	<u>\$ 142,495</u>

Aggregate maturities or payments required on principal and interest for each of the succeeding five years and thereafter in five-year increments are as follows:

Year	Bond Principal	Bond Interest	Loan Principal	Loan Interest	Total
2018	70,000	71,125	72,504	5,181	218,810
2019	70,000	67,678	59,809	4,907	202,394
2020	75,000	64,071	--	--	139,071
2021	80,000	60,155	--	--	140,155
2022	85,000	55,863	--	--	140,863
2023-2027	500,000	204,395	--	--	704,395
2028-2032	500,000	55,890	--	--	555,890
Total	<u>\$ 1,380,000</u>	<u>\$ 579,177</u>	<u>\$ 132,313</u>	<u>\$ 10,088</u>	<u>\$ 2,101,578</u>

NOTE 5. INSURANCE

The District carries directors' and officers' coverage.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 6. COMMITMENTS AND CONTINGENCIES

Pelican Homeowners Association

The District entered into a contract on December 9, 2000 with the Pelican Homeowners Association, Inc. The terms of the contract call for the Pelican Homeowners Association, Inc. to obtain the necessary funds to repair the river wall, and for the District to reimburse the Pelican Homeowners Association, Inc. through Zone 2 property assessments.

The District is obligated to reimburse the Homeowners Association with funds received from property assessments for the following obligation:

The Pelican Homeowners Association note is payable in monthly installments of \$7,738, including interest at 4.0%. Final payment is due in February 2025. The District will reimburse the Pelican Homeowners Association's monthly payments as long as Zone 2 property assessments are collected.

Reimbursements for the note listed above for each of the succeeding five years and thereafter in five-year increments are:

	Principal	Interest	Total
2018	69,812	23,044	92,856
2019	72,656	20,200	92,856
2020	75,616	17,240	92,856
2021	78,697	14,159	92,856
2022	81,903	10,953	92,856
2023-2027	<u>229,184</u>	<u>12,343</u>	<u>241,527</u>
	<u>\$ 607,868</u>	<u>\$ 97,939</u>	<u>\$ 705,807</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Notes to Basic Financial Statements
June 30, 2017

NOTE 6. COMMITMENTS AND CONTINGENCIES (Continued)

California Department of Parks and Recreation

The District has been in discussions with the Department of Parks and Recreation, regarding the "Right of Entry Permit" connected with the existing seawall. At present there are insufficient funds to respond to permit application questions from the County of Santa Cruz. In order to move forward with the permit the District would need to conduct an assessment election to raise approximately \$300,000 to respond to the County. Additionally, the Department of Parks and Recreation assessed a penalty fee for not removing the rip-rap rocks buried in State Parks property adjacent to the revetment. The Department of Parks and Recreation has verbally agreed to hold the rip-rap rocks buried issues in abeyance until the permit is resolved. The District's management believes the matter will be settled without material adverse financial impact to the District as long as an assessment election is held.

NOTE 7. SUBSEQUENT EVENTS

The District's management has evaluated subsequent events through **TBD**, the date the financial statements were available to be issued.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

Schedule I - Revenues and Expenditures by Zone - Budget to Actual
Year Ended June 30, 2017

	ZONE 1			ZONE 2			TOTAL		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
PROGRAM REVENUES									
Assessment income	\$ 185,734	\$ 188,980	\$ 3,246	\$ 238,866	\$ 238,139	\$ (727)	\$ 424,600	\$ 427,119	\$ 2,519
Interest income	50	231	181	150	310	160	200	541	341
Total revenues	185,784	189,211	3,427	239,016	238,449	(567)	424,800	427,660	2,860
EXPENDITURES									
Insurance	13,000	15,745	2,745	--	--	--	13,000	15,745	2,745
Legal	9,000	11,780	2,780	--	--	--	9,000	11,780	2,780
Accounting	30,363	23,859	(6,504)	3,640	3,031	(609)	34,003	26,890	(7,113)
Office	2,275	1,412	(863)	--	--	--	2,275	1,412	(863)
Officer election	2,000	75	(1,925)	--	--	--	2,000	75	(1,925)
Website maintenance	3,090	1,750	(1,340)	--	--	--	3,090	1,750	(1,340)
Audit	7,750	7,500	(250)	--	--	--	7,750	7,500	(250)
Bond fee	--	--	--	--	635	635	--	635	635
Technical planning	--	2,088	2,088	--	--	--	--	2,088	2,088
Reimbursements (Note 6):									
Pelican HOA	--	--	--	92,856	92,856	--	92,856	92,856	--
Debt service:									
Principal	105,581	105,581	--	65,000	65,000	--	170,581	170,581	--
Interest	11,331	11,343	12	74,784	74,416	(368)	86,115	85,759	(356)
Total expenditures	184,390	181,133	(3,257)	236,280	235,938	(342)	420,670	417,071	(3,599)
Excess (deficiency) of revenues over expenditures	1,394	8,078	6,684	2,736	2,511	(225)	4,130	10,589	6,459
NET CHANGE IN ZONE BALANCE	<u>\$ 1,394</u>	<u>8,078</u>	<u>\$ 6,684</u>	<u>\$ 2,736</u>	<u>2,511</u>	<u>\$ (225)</u>	<u>\$ 4,130</u>	<u>10,589</u>	<u>\$ 6,459</u>
BEGINNING ZONE BALANCE		91,488			499,406			590,894	
ENDING ZONE BALANCE		<u>\$ 99,566</u>			<u>\$ 501,917</u>			<u>\$ 601,483</u>	



November 8, 2017

GHAD
Bob Moore
Wendy Cumming
2661 Beach Road
Watsonville, CA 95076

Re: Emergency Repair Loan

Dear Bob & Wendy:

Thank you for allowing Santa Cruz County Bank the opportunity to expand our banking relationship with you and the Pajaro Dunes Geologic Hazard Abatement District and Pajaro Dunes Association. We would like to set forth some broad terms and conditions for the credit facility under discussion. Santa Cruz County Bank ("the Bank") is interested in furthering our banking relationship with GHAD ("Borrower") and has interest in the banking services described below.

Credit Facility: \$600,000 line of credit. Repayment schedule to match the revenue generated from the GHAD.

Purpose Provide funds to finance costs associated with the repair or restoration of damages to the existing seawall

Repayment Borrower to make principal and interest payments semi-annually to coincide with the collection of tax revenues.

Maturity 12 months, renewed annually

Rates & Fees Prime + 1% with a floor rate of 5.25%. Loan to include a cap rate of 9.75%. Loan fee of \$1,000

Collateral Assignment of special assessment property tax revenue (UCC-1)

Guarantors Pajaro Dunes Association*

*PDA will be released as guarantors upon setting up the to-be-approved collection of tax revenues. Alternatively they will remain.

Other Condition: Primary deposit relationship to be maintained with Santa Cruz County Bank.
Bank to review all necessary approvals from PDA and GHAD prior to closing.
An attorney for SCCB will verify the lien is appropriately perfected. Attorney review and filing this lien in a first priority position is a condition precedent to funding this loan.

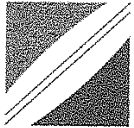
Credit facilities will have the following reporting covenants:

- CPA audited FYE Financial Statements annually GHAD
- CPA audited FYE Financial Statements annually PDA

Put your money where your life is.



SANTA CRUZ
COUNTY



BANK

GHAD
Bob Moore
Wendy Cumming
2661 Beach Road
Watsonville, CA 95076
Page 2

Please be aware that this letter is furnished as an outline of major points and assumptions for your benefit and is not to be construed in any form as a commitment to lend. Loan approval is subject to complete analysis of the request and final approval by our bank loan committee and would be granted in writing.

We are pleased that you have chosen Santa Cruz County Bank for your financing needs and I look forward to working with you. If you have any questions regarding the above, please feel free to contact me at (831) 457-5003 extension 2149.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Doug Fischer", enclosed within a hand-drawn oval.

Doug Fischer
Vice President
Relationship Manager
720 Front St
Santa Cruz, CA 95060
831-457-5003 ext 2149

Cc: Fred Caiocca, Executive Vice President

Put your money where your life is.



www.sccountybank.com

T: 831-457-5000

MEMBER
FDIC

Pajaro Dunes Geologic Hazard
Abatement District

Pajaro Dunes
Engineer's Report

217563-00

Draft 01 | November 8, 2017

Draft

This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

Job number 217563-00

Arup North America Ltd
560 Mission Street
Suite 700
San Francisco CA 94105
United States of America
www.arup.com

ARUP

Contents

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1 Description of Improvement and District Administrative and Operating Expenses	1
2 Cost Estimate	1
3 Cost Allocation	2
4 Cost Allocation Method	9
5 Parcels Map	10

Tables (To be updated following GHAD board review)

Table 1	Estimated Cost of Improvement Maintenance and Repairs and District Administrative and Operating Costs
Table 2	Summary of Annual Assessments – Fiscal Year 2017/18
Table 3	Proposed GHAD Budget by Benefit Categories

Figures

Figure 1	Project Properties – North Side
Figure 2	Project Properties – South Side

**ENGINEER'S REPORT
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT
FISCAL YEAR 2017/18**

The undersigned submits this Engineer's Report as directed by the Board of the Pajaro Dunes Geologic Hazard Abatement District (PDGHAD) pursuant to Section 54703 et seq. of the California Government Code. This report provides updated assessment amounts that will be the subject of a 2017/18 assessment election. The assessment is comprised of two components: 1) An assessment to cover the annual administrative and operating expenses of the District, including but not limited to office expenses, insurance, costs for professional services, legal fees, and fees and costs for permits, and, 2) A "Capital Repair and Expense Reserve" to establish and maintain a stable source of funding to pay for the cost of unanticipated and/or emergency maintenance and repair of the rock revetment seawall (Zone 1).

The improvement and administrative/operating costs which are the subject of this report are briefly described in Section 1. This Report includes five parts, as follows:

- a. Description of the improvement to be maintained and annual District administrative and operating costs.
- b. An estimate of the cost for unanticipated/emergency maintenance and repair of the improvement and District administrative and operating costs.
- c. An assessment of the estimated cost to maintain or repair the improvement and District administrative and operating costs for each benefited parcel of land within the assessment district.
- d. A statement of the method by which the amount is proposed to be assessed against each parcel.
- e. A diagram showing all of the parcels of real property within this assessment district.

This detailed Engineer's Report was prepared under Article XIII D of the California Constitution by Martin Walker, Associate at Arup, a registered professional engineer licensed by the State of California.



Martin Walker PE, GE
Associate

November 08, 2017

Date

1 Description of Improvement and District Administrative and Operating Expenses

The content of this Section of the Engineer's Report, and all following sections is being submitted pursuant to Article XIII D, Section of the California Constitution.

A description of the improvement to be maintained or repaired and the District's administrative and operating expenses are described in this section. The cost estimation presented in this report addresses unanticipated costs necessary to maintain and repair the rock revetment seawall (Zone 1) located at the Pajaro Dunes community in Watsonville, California, due to conditions that may arise prior to the time that the District is able to plan, obtain approval, finance and implement a comprehensive repair plan for such structures. Cost estimates also include the District's anticipated administrative and operating expenses for regular and routine operations of the District.

The improvement addressed in this report is an approximately 6,000 feet long seawall on the ocean side of the development, comprised of approximately 110,000 tons of riprap, that was installed between 1986 and 1988. The rock revetment has been partially damaged on a number of storm events by coastal erosion, during relatively severe winter storms such as occurred in 2003 and in 2004. Following each damaging storm event, emergency repairs were implemented in the form of placing riprap in selected areas along the revetment.

District administrative and operating expenses include costs for office operations, (such as printing and mailings, office supplies, insurance, and website maintenance), professional services (such as those necessary for the District accountant, clerk, and legal counsel), assessment calculations, District elections, board and clerk training, and annual inspections of the improvement referenced above.

2 Cost Estimate

An estimate of the costs to maintain and repair the improvement is described in this section. An assessment election is being conducted in part to establish a "Capital Repair Cost/Expenses and Reserve Fund for unanticipated, non-routine maintenance and repair of the seawall (Zone 1)" at the Pajaro Dunes development. The current costs that are being contemplated for future assessments for repairs of existing damage to the seawall are not part of this process. Elements of the costs include, but are not necessarily limited to: emergency inspections in the event of damage or threat of damage, such as due to coastal erosion; emergency response measures, such as temporary placement of riprap at the toe of the seawall; and maintenance and repairs of the seawall. The amount of the Reserve Fund is based on estimates of inspection and repair costs provided by Arup.

Additionally, the proposed assessment seeks funding to cover the annual administrative and operating expenses of the District necessary for day-to-day operations of the District. Cost estimates were based on District administration and operating costs in preceding years. Table 1 presents the estimated cost of maintenance or repairs for the improvement and District administrative and operating costs.

It is worth noting that The Capital Repair Cost/Expenses and Reserve Fund will be capped at \$500,000. Once the fund reaches \$500,000, no new assessment will be collected in subsequent years for said fund unless and until the funds are used for their stated purpose. The Fund will also be kept in a separate account from other District funds.

Table 1 Estimated Cost of Improvement Maintenance and Repairs and District Administrative and Operating Costs

Expenditure Projections	Budget		Fiscal Year	
	Zone 1	Zone 2	Zone 1	Zone 2
Category 1: General and Administrative Expenses				
Total Category 1:	\$ 27,225	\$ -	\$ 27,225	\$ -
Category 2: Professional Services				
Total Category 2:	\$ 74,650	\$ 2,640	\$ 74,650	\$ 2,640
Category 3: Special District Compliance Costs				
Total Category 3:	\$ 4,675	\$ -	\$ 4,675	\$ -
Category 4: Annual Inspections				
Seawall and River Wall Annual Inspection	\$ 24,450	\$ 550	\$ 24,450	\$ 550
Total Category 4:	\$ 24,450	\$ 550	\$ 24,450	\$ 550
Category 5: Capital Repair Expenses and Reserve				
Capital Repair Costs/Expenses and Reserve	\$ 175,000	\$ 4,360	\$ 175,000	\$ 4,360
Total Category 5:	\$ 175,000	\$ 4,360	\$ 175,000	\$ 4,360
Total Proposed Budget:	\$ 306,000	\$ 7,550	\$ 306,000	\$ 7,550
<small>*Assessments will be subject to a 2.6% annual increase and a 1% County collection fee. 2.6% is based on a ten year average for the Consumer Price Index, All Bay Area Urban Consumers **Regarding the reserve fund unused monies will be set aside for future emergency events and corresponding expenses. The goal is to maintain a minimum of \$500,000 for such events and expenses.</small>				

3 Cost Allocation

This section presents the assessments for costs to each benefited parcel of land within the assessment district. A list of the names of the owners and Assessor's Parcel Numbers for the individual lots and condominiums at the development is shown in Table 2. If approved, the lien date for the described assessments will be that prescribed by the law.

Table 2 Summary of Annual Assessments – Fiscal Year 2017/18

FIGURES TO BE ADJUSTED FOLLOWING GHAD BOARD REVIEW

Assessment Roll (Fiscal Year 2017/18)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
Houses					
H 1	052-281-05	0.00968	\$2,962.00	N/A	\$2,962.00
H 2	052-281-06	0.00991	\$3,032.30	N/A	\$3,032.30
H 3	052-281-07	0.00991	\$3,032.30	N/A	\$3,032.30
H 4	052-281-08	0.01198	\$3,665.05	N/A	\$3,665.05
H 5	052-281-09	0.00998	\$3,053.70	N/A	\$3,053.70
H 6	052-281-10	0.00991	\$3,032.30	N/A	\$3,032.30
H 7	052-281-11	0.01062	\$3,249.33	N/A	\$3,249.33
H 8	052-281-12	0.00921	\$2,818.33	N/A	\$2,818.33
H 9	052-281-13	0.00921	\$2,818.33	N/A	\$2,818.33
H 10	052-281-14	0.00991	\$3,032.30	N/A	\$3,032.30
H 11	052-281-15	0.01062	\$3,249.33	N/A	\$3,249.33
H 12	052-281-16	0.01133	\$3,466.36	N/A	\$3,466.36
H 13	052-281-17	0.01091	\$3,337.98	N/A	\$3,337.98
H 14	052-281-18	0.01247	\$3,814.84	N/A	\$3,814.84
H 15	052-281-19	0.01416	\$4,334.48	N/A	\$4,334.48
H 16	052-281-20	0.00172	\$524.72	N/A	\$524.72
H 17	052-281-21	0.00094	\$288.63	N/A	\$288.63
H 18	052-281-22	0.00172	\$524.72	N/A	\$524.72
H 19	052-281-24	0.00172	\$524.72	N/A	\$524.72
H 20	052-281-25	0.00172	\$524.72	N/A	\$524.72
H 21	052-281-26	0.00094	\$288.63	N/A	\$288.63
H 22	052-281-27	0.00094	\$288.63	N/A	\$288.63
H 23	052-281-28	0.00094	\$288.63	N/A	\$288.63
H 24	052-281-29	0.00094	\$288.63	N/A	\$288.63
H 25	052-281-30	0.00094	\$288.63	N/A	\$288.63
H 26	052-281-32	0.00094	\$288.63	N/A	\$288.63
H 27	052-281-33	0.00094	\$288.63	N/A	\$288.63
H 28	052-281-34	0.00172	\$524.72	N/A	\$524.72
H 29	052-281-39	0.00094	\$288.63	N/A	\$288.63
H 30	052-281-38	0.00094	\$288.63	N/A	\$288.63
H 31	052-281-37	0.00094	\$288.63	N/A	\$288.63
H 32	052-281-36	0.00172	\$524.72	N/A	\$524.72
H 33	052-281-35	0.00172	\$524.72	N/A	\$524.72
H 34	052-281-02	0.00094	\$288.63	N/A	\$288.63
H 35	052-281-03	0.00094	\$288.63	N/A	\$288.63
H 36	052-281-04	0.00172	\$524.72	N/A	\$524.72
H 37	052-291-17	0.00172	\$524.72	N/A	\$524.72
H 38	052-291-01	0.00172	\$524.72	N/A	\$524.72
H 39	052-291-02	0.00172	\$524.72	N/A	\$524.72
H 40	052-291-03	0.00850	\$2,601.30	N/A	\$2,601.30
H 41	052-291-04	0.00850	\$2,601.30	N/A	\$2,601.30
H 42	052-291-05	0.00850	\$2,601.30	N/A	\$2,601.30

Assessment Roll (Fiscal Year 2017/18)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
H 43	052-291-06	0.00850	\$2,601.30	N/A	\$2,601.30
H 44	052-291-07	0.00850	\$2,601.30	N/A	\$2,601.30
H 45	052-291-08	0.00850	\$2,601.30	N/A	\$2,601.30
H 46	052-291-09	0.00850	\$2,601.30	N/A	\$2,601.30
H 47	052-291-10	0.00850	\$2,601.30	N/A	\$2,601.30
H 48	052-291-11	0.00850	\$2,601.30	N/A	\$2,601.30
H 49	052-291-12	0.00172	\$524.72	N/A	\$524.72
H 50	052-291-13	0.00172	\$524.72	N/A	\$524.72
H 51	052-291-14	0.00172	\$524.72	N/A	\$524.72
H 52	052-291-16	0.00172	\$524.72	N/A	\$524.72
H 53	052-291-15	0.00094	\$288.63	N/A	\$288.63
H 54	052-601-11	0.00949	\$2,903.92	N/A	\$2,903.92
H 55	052-601-10	0.00850	\$2,601.30	N/A	\$2,601.30
H 56	052-601-09	0.00921	\$2,818.33	N/A	\$2,818.33
H 57	052-601-08	0.01006	\$3,078.16	N/A	\$3,078.16
H 58	052-601-07	0.00989	\$3,026.19	N/A	\$3,026.19
H 59	052-301-15	0.00992	\$3,035.36	N/A	\$3,035.36
H 60	052-301-16	0.00992	\$3,035.36	N/A	\$3,035.36
H 61	052-301-02	0.00172	\$524.72	N/A	\$524.72
H 62	052-301-03	0.00172	\$524.72	N/A	\$524.72
H 63	052-601-02	0.00172	\$524.72	N/A	\$524.72
H 64	052-601-03	0.00172	\$524.72	N/A	\$524.72
H 65	052-601-04	0.00094	\$288.63	N/A	\$288.63
H 66	052-601-05	0.00094	\$288.63	N/A	\$288.63
H 67	052-601-06	0.00172	\$524.72	N/A	\$524.72
H 68	052-291-20	0.00850	\$2,601.30	N/A	\$2,601.30
H 69	052-291-21	0.00850	\$2,601.30	N/A	\$2,601.30
H 70	052-291-22	0.00850	\$2,601.30	N/A	\$2,601.30
H71	052-291-24	0.00850	\$2,601.30	N/A	\$2,601.30
H 72	052-291-25	0.00850	\$2,601.30	N/A	\$2,601.30
H 73	052-291-26	0.00850	\$2,601.30	N/A	\$2,601.30
H 74	052-291-27	0.00850	\$2,601.30	N/A	\$2,601.30
H 75	052-291-29	0.00850	\$2,601.30	N/A	\$2,601.30
H 76	052-291-30	0.00850	\$2,601.30	N/A	\$2,601.30
H 77	052-291-31	0.00850	\$2,601.30	N/A	\$2,601.30
H 78	052-291-32	0.00850	\$2,601.30	N/A	\$2,601.30
H 79	052-291-34	0.00850	\$2,601.30	N/A	\$2,601.30
H 80	052-291-35	0.00850	\$2,601.30	N/A	\$2,601.30
H 81	052-292-01	0.00172	\$524.72	N/A	\$524.72
H 82	052-292-02	0.00172	\$524.72	N/A	\$524.72
H 83	052-292-03	0.00172	\$524.72	N/A	\$524.72
H 84	052-292-04	0.00172	\$524.72	N/A	\$524.72
H 85	052-292-05	0.00172	\$524.72	N/A	\$524.72
H 86	052-292-06	0.00172	\$524.72	N/A	\$524.72
H 87	052-292-07	0.00172	\$524.72	N/A	\$524.72

Assessment Roll (Fiscal Year 2017/18)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
H 88	052-292-08	0.00172	\$524.72	N/A	\$524.72
H 89	052-292-09	0.00172	\$524.72	N/A	\$524.72
H 90	052-321-01	0.01034	\$3,163.75	N/A	\$3,163.75
H 91	052-321-02	0.00906	\$2,772.48	N/A	\$2,772.48
H 92	052-321-03	0.01048	\$3,206.54	N/A	\$3,206.54
H 93	052-321-04	0.00878	\$2,686.89	N/A	\$2,686.89
H 94	052-321-05	0.01034	\$3,163.75	N/A	\$3,163.75
H 95	052-321-06	0.00977	\$2,989.51	N/A	\$2,989.51
H 96	052-321-07	0.00991	\$3,032.30	N/A	\$3,032.30
H 97	052-321-08	0.00991	\$3,032.30	N/A	\$3,032.30
H 98	052-321-09	0.00887	\$2,714.40	N/A	\$2,714.40
H 99	052-321-10	0.00906	\$2,772.48	N/A	\$2,772.48
H 100	052-321-11	0.00991	\$3,032.30	N/A	\$3,032.30
H 101	052-321-12	0.00999	\$3,056.76	N/A	\$3,056.76
H 102	052-321-13	0.00917	\$2,806.10	N/A	\$2,806.10
H 103	052-321-14	0.00935	\$2,861.13	N/A	\$2,861.13
H 104	052-321-15	0.00991	\$3,032.30	N/A	\$3,032.30
H 105	052-321-16	0.01020	\$3,120.95	N/A	\$3,120.95
H 106	052-321-17	0.00935	\$2,861.13	N/A	\$2,861.13
H 107	052-321-18	0.00878	\$2,686.89	N/A	\$2,686.89
H 108	052-321-19	0.00172	\$524.72	N/A	\$524.72
H 109	052-321-20	0.00172	\$524.72	N/A	\$524.72
H 110	052-321-21	0.00172	\$524.72	N/A	\$524.72
H 111	052-321-22	0.00172	\$524.72	N/A	\$524.72
H 112	052-321-23	0.00172	\$524.72	N/A	\$524.72
H 113	052-321-24	0.00094	\$288.63	N/A	\$288.63
H 114	052-321-25	0.00172	\$524.72	N/A	\$524.72
H 115	052-321-26	0.00172	\$524.72	N/A	\$524.72
H 116	052-321-27	0.00172	\$524.72	N/A	\$524.72
H 117	052-321-28	0.00172	\$524.72	N/A	\$524.72
H 118	052-321-29	0.00172	\$524.72	N/A	\$524.72
H 119	052-321-30	0.00172	\$524.72	N/A	\$524.72
H 120	052-321-31	0.00172	\$524.72	N/A	\$524.72
H 121	052-321-32	0.00172	\$524.72	N/A	\$524.72
H 122	052-321-33	0.00094	\$288.63	N/A	\$288.63
H 123	052-321-34	0.00094	\$288.63	N/A	\$288.63
H 124	052-321-35	0.00094	\$288.63	N/A	\$288.63
H 125	052-321-36	0.00094	\$288.63	N/A	\$288.63
H 126	052-321-37	0.00094	\$288.63	N/A	\$288.63
H 127	052-321-38	0.00094	\$288.63	N/A	\$288.63
H 128	052-321-39	0.00094	\$288.63	N/A	\$288.63
H 129	052-321-40	0.00094	\$288.63	N/A	\$288.63
H 33	052-321-41	0.00094	\$288.63	N/A	\$288.63
H 131	052-321-42	0.00094	\$288.63	N/A	\$288.63
H 132	052-321-43	0.00094	\$288.63	N/A	\$288.63

Assessment Roll (Fiscal Year 2017/18)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
H 133	052-321-50	0.00094	\$288.63	N/A	\$288.63
H 134	052-321-49	0.00094	\$288.63	N/A	\$288.63
H 135	052-321-48	0.00094	\$288.63	N/A	\$288.63
H 136	052-321-47	0.00094	\$288.63	N/A	\$288.63
H 137	052-321-46	0.00094	\$288.63	N/A	\$288.63
H 138	052-321-45	0.00094	\$288.63	N/A	\$288.63
H 139	052-321-44	0.00094	\$288.63	N/A	\$288.63
H 140	052-591-07	0.00850	\$2,601.30	N/A	\$2,601.30
H 141	052-591-08	0.00903	\$2,763.31	N/A	\$2,763.31
H 142	052-591-06	0.00172	\$524.72	N/A	\$524.72
H 143	052-591-05	0.00172	\$524.72	N/A	\$524.72
H 144	052-301-70	0.01712	\$5,239.28	N/A	\$5,239.28
H 145	052-301-69	0.00993	\$3,038.42	N/A	\$3,038.42
H 146	052-301-68	0.00977	\$2,989.51	N/A	\$2,989.51
H 147	Common area taxable	0.00094	\$288.63	N/A	\$288.63
H 148	Common area pay direct to PDGHAD	0.00094	\$288.63	N/A	\$288.63
H 149	Common area pay direct to PDGHAD	0.00094	\$288.63	N/A	\$288.63
H 150	Common area pay direct to PDGHAD	0.00094	\$288.63	N/A	\$288.63
H 151	Common area pay direct to PDGHAD	0.00094	\$288.63	N/A	\$288.63
H	Stairs	0.02530	\$7,741.80	N/A	\$7,741.80
Cypress Grove Townhomes					
CY 1	052-301-49	0.00515	\$1,575.23	N/A	\$1,575.23
CY 2	052-301-48	0.00515	\$1,575.23	N/A	\$1,575.23
CY 3	052-301-47	0.00515	\$1,575.23	N/A	\$1,575.23
CY 4	052-301-46	0.00515	\$1,575.23	N/A	\$1,575.23
CY 5	052-301-45	0.00515	\$1,575.23	N/A	\$1,575.23
CY 6	052-301-44	0.00515	\$1,575.23	N/A	\$1,575.23
CY 7	052-301-43	0.00515	\$1,575.23	N/A	\$1,575.23
CY 8	052-301-42	0.00515	\$1,575.23	N/A	\$1,575.23
CY 9	052-301-41	0.00515	\$1,575.23	N/A	\$1,575.23
CY 10	052-301-40	0.00515	\$1,575.23	N/A	\$1,575.23
CY 11	052-301-38	0.00515	\$1,575.23	N/A	\$1,575.23
CY 12	052-301-37	0.00515	\$1,575.23	N/A	\$1,575.23
CY 13	052-301-36	0.00515	\$1,575.23	N/A	\$1,575.23
CY 14	052-301-31	0.00515	\$1,575.23	N/A	\$1,575.23
CY 15	052-301-30	0.00515	\$1,575.23	N/A	\$1,575.23
CY 16	052-301-29	0.00515	\$1,575.23	N/A	\$1,575.23
CY 17	052-301-28	0.00515	\$1,575.23	N/A	\$1,575.23
CY 18	052-301-34	0.00515	\$1,575.23	N/A	\$1,575.23
CY 19	052-301-33	0.00515	\$1,575.23	N/A	\$1,575.23
CY 20	052-301-26	0.00515	\$1,575.23	N/A	\$1,575.23
CY 21	052-301-25	0.00515	\$1,575.23	N/A	\$1,575.23
CY 22	052-301-24	0.00515	\$1,575.23	N/A	\$1,575.23
CY 23	052-301-23	0.00515	\$1,575.23	N/A	\$1,575.23

Assessment Roll (Fiscal Year 2017/18)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
Pelican Point Condominiums					
P 1	052-341-10	0.00117	\$358.06	\$86.32	\$444.38
P 2	052-341-02	0.00117	\$358.06	\$86.32	\$444.38
P 3	052-341-03	0.00117	\$358.06	\$86.32	\$444.38
P 4	052-341-04	0.00117	\$358.06	\$86.32	\$444.38
P 5	052-341-05	0.00117	\$358.06	\$86.32	\$444.38
P 6	052-341-06	0.00117	\$358.06	\$86.32	\$444.38
P 7	052-341-07	0.00117	\$358.06	\$86.32	\$444.38
P 8	052-341-08	0.00117	\$358.06	\$86.32	\$444.38
P 9	052-341-09	0.00117	\$358.06	\$86.32	\$444.38
P 10	052-352-01	0.00117	\$358.06	\$86.32	\$444.38
P 11	052-352-02	0.00117	\$358.06	\$86.32	\$444.38
P 12	052-352-03	0.00117	\$358.06	\$86.32	\$444.38
P 13	052-352-04	0.00117	\$358.06	\$86.32	\$444.38
P 14	052-362-01	0.00117	\$358.06	\$86.32	\$444.38
P 15	052-362-02	0.00117	\$358.06	\$86.32	\$444.38
P 16	052-362-03	0.00117	\$358.06	\$86.32	\$444.38
P 17	052-362-04	0.00117	\$358.06	\$86.32	\$444.38
P 18	052-362-05	0.00117	\$358.06	\$86.32	\$444.38
P 19	052-362-06	0.00117	\$358.06	\$86.32	\$444.38
P 20	052-362-07	0.00117	\$358.06	\$86.32	\$444.38
P 21	052-342-01	0.00117	\$358.06	\$86.32	\$444.38
P 22	052-342-02	0.00117	\$358.06	\$86.32	\$444.38
P 23	052-342-03	0.00117	\$358.06	\$86.32	\$444.38
P 24	052-342-04	0.00117	\$358.06	\$86.32	\$444.38
P 25	052-343-01	0.00117	\$358.06	\$86.32	\$444.38
P 26	052-343-02	0.00117	\$358.06	\$86.32	\$444.38
P 27	052-343-03	0.00117	\$358.06	\$86.32	\$444.38
P 28	052-343-05	0.00117	\$358.06	\$86.32	\$444.38
P 29	052-343-06	0.00117	\$358.06	\$86.32	\$444.38
P 30	052-343-07	0.00117	\$358.06	\$86.32	\$444.38
P 31	052-343-08	0.00117	\$358.06	\$86.32	\$444.38
P 32	052-343-09	0.00117	\$358.06	\$86.32	\$444.38
P 33	052-351-26	0.00117	\$358.06	\$86.32	\$444.38
P 34	052-351-11	0.00117	\$358.06	\$86.32	\$444.38
P 35	052-343-04	0.00117	\$358.06	\$86.32	\$444.38
P 36	052-351-22	0.00117	\$358.06	\$86.32	\$444.38
P 37	052-351-25	0.00117	\$358.06	\$86.32	\$444.38
P 38	052-351-24	0.00117	\$358.06	\$86.32	\$444.38
P 39	052-351-12	0.00117	\$358.06	\$86.32	\$444.38
P 40	052-351-13	0.00117	\$358.06	\$86.32	\$444.38
P 41	052-363-01	0.00117	\$358.06	\$86.32	\$444.38
P 42	052-363-02	0.00117	\$358.06	\$86.32	\$444.38
P 43	052-363-03	0.00117	\$358.06	\$86.32	\$444.38
P 44	052-363-04	0.00117	\$358.06	\$86.32	\$444.38

Assessment Roll (Fiscal Year 2017/18)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
P 45	052-363-05	0.00117	\$358.06	\$86.32	\$444.38
P 46	052-363-06	0.00117	\$358.06	\$86.32	\$444.38
P 47	052-363-07	0.00117	\$358.06	\$86.32	\$444.38
P 48	052-363-08	0.00117	\$358.06	\$86.32	\$444.38
P 49	052-344-01	0.00117	\$358.06	\$86.32	\$444.38
P 50	052-344-02	0.00117	\$358.06	\$86.32	\$444.38
P 51	052-344-03	0.00117	\$358.06	\$86.32	\$444.38
P 52	052-344-05	0.00117	\$358.06	\$86.32	\$444.38
P 53	052-344-06	0.00117	\$358.06	\$86.32	\$444.38
P 54	052-344-07	0.00117	\$358.06	\$86.32	\$444.38
P 55	052-344-08	0.00117	\$358.06	\$86.32	\$444.38
P 56	052-344-09	0.00117	\$358.06	\$86.32	\$444.38
P 57	052-353-01	0.00117	\$358.06	\$86.32	\$444.38
P 58	052-353-02	0.00117	\$358.06	\$86.32	\$444.38
P 59	052-344-04	0.00117	\$358.06	\$86.32	\$444.38
P 60	052-353-03	0.00117	\$358.06	\$86.32	\$444.38
P 61	052-353-04	0.00117	\$358.06	\$86.32	\$444.38
P 62	052-353-05	0.00117	\$358.06	\$86.32	\$444.38
P 63	052-535-06	0.00117	\$358.06	\$86.32	\$444.38
P 64	052-353-07	0.00117	\$358.06	\$86.32	\$444.38
P 65	052-361-27	0.00117	\$358.06	\$86.32	\$444.38
P 66	052-361-28	0.00117	\$358.06	\$86.32	\$444.38
P 67	052-361-15	0.00117	\$358.06	\$86.32	\$444.38
P 68	052-361-16	0.00117	\$358.06	\$86.32	\$444.38
P 69	052-361-17	0.00117	\$358.06	\$86.32	\$444.38
P 70	052-361-18	0.00117	\$358.06	\$86.32	\$444.38
P 71	052-361-19	0.00117	\$358.06	\$86.32	\$444.38
P 72	052-361-20	0.00117	\$358.06	\$86.32	\$444.38
P 73	052-345-01	0.00117	\$358.06	\$86.32	\$444.38
P 74	052-345-02	0.00117	\$358.06	\$86.32	\$444.38
P 75	052-345-03	0.00117	\$358.06	\$86.32	\$444.38
P 76	052-345-04	0.00117	\$358.06	\$86.32	\$444.38
P 77	052-354-01	0.00117	\$358.06	\$86.32	\$444.38
P 78	052-354-02	0.00117	\$358.06	\$86.32	\$444.38
P 79	052-354-03	0.00117	\$358.06	\$86.32	\$444.38
P 80	052-354-04	0.00117	\$358.06	\$86.32	\$444.38
P 81	052-364-01	0.00117	\$358.06	\$86.32	\$444.38
P 82	052-364-02	0.00117	\$358.06	\$86.32	\$444.38
P 83	052-364-03	0.00117	\$358.06	\$86.32	\$444.38
P 84	052-364-04	0.00117	\$358.06	\$86.32	\$444.38
P 85	052-332-01	0.00117	\$358.06	\$86.32	\$444.38
P 86	052-332-02	0.00117	\$358.06	\$86.32	\$444.38
P 87	052-321-34	0.00117	\$358.06	\$86.32	\$444.38
P	Stairs	0.00532	\$1,627.61	\$40.01	\$1,667.62

⁽¹⁾ Assessments subject to 1% County Collection Fee in addition to listed amounts

4 Cost Allocation Method

All costs associated with the maintenance and operation of the Pajaro Dunes Geologic Hazards Abatement District improvement including general and administrative expenses, professional services, special district compliance costs, annual inspections, and capital repair expenses and reserve, shall be spread to all parcels on a prorated development unit basis.

The improvement to be maintained and operated as a result of the formation of the Pajaro Dunes Geologic Hazards Abatement District is in existence. The improvement has been installed within or in areas in close proximity to the developed residential lots and condominiums.

As a result of the foregoing, the developed residential lots will receive 100% of the special benefits of the operation and maintenance of the seawall. These special benefits include enhanced neighborhood health and safety, and improved quality of life, generated when the rock revetment seawall provides protection against erosion from ocean and wave action and flood and erosion protection against flows within the Pajaro River and are in place, operable, safe and are maintained. Maintenance of the seawall will provide beautification, protection of improved property, enhanced comfort and increase the desirability of the immediate surroundings of the residential units in the District.

A statement of the method by which we determined the amount proposed to be assessed against each parcel is described in this section. The cost allocation among various members of the PDGHAD was established when the District was created by the County Board of Supervisors on October 27, 1998. In the cost-allocation scheme the major groups, Houses, Pelican Point Condominiums, and Cypress Grove Townhouses, share the costs based on the length of the seawall in the front of their respective areas. Per this cost-allocation scheme, in Zone 1 the cost shares for the Houses are 75.45%, Cypress Grove Townhouses are 11.84%, Pelican Point Condominiums are 10.18%, and the Association for the stairways is 2.53%.

Since the Pelican Point and Cypress Grove groups are condominium associations, they each share their portions of the costs equally among their members. In Zone 1 of the portion allocated to the houses, the front-row houses pay 85%, the second-row houses pay 10%, and the back-row houses pay 5%. In addition, the shares for the front-row houses vary by a factor of two-to-one, depending on the width of the lot. The estimated GHAD budget by benefit categories are presented in Table 3.

In summary, based on the foregoing, this Engineer's Report makes the following findings:

- i. The attached tables for Zone 1 correctly state the proportionate special benefit derived by each identified parcel in relationship to the total cost of services.

- ii. No assessment is imposed on any parcel which exceeds the reasonable cost of the proportional benefit conferred on that parcel.
- iii. The only benefits assessed are special and any general benefits have been excluded.
- iv. No parcel owned by any governmental agency, the state of California or the United States receives any special benefit from the proposed assessment.

Table 3 Proposed GHAD Budget by Benefit Categories

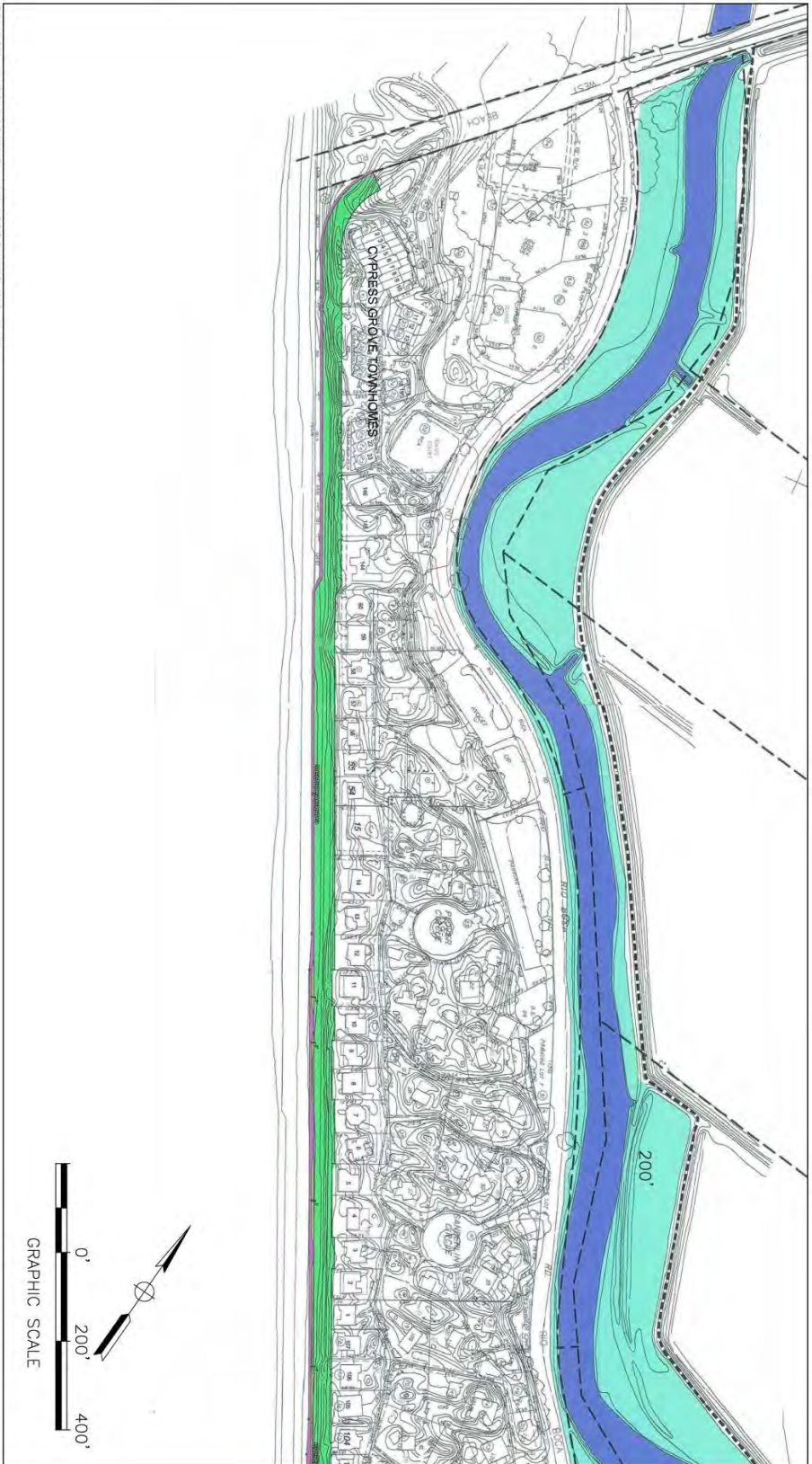
Category	Proportional Benefit	Assessment Amount	No. of Units	Annual Payment	Monthly Payment
Zone 1					
Row 1 Houses	64.133%	\$ 196,243.92	67	\$2,601.30 to \$5,239.28	\$216.78 to \$436.61
Row 2 Houses	7.545%	\$ 23,087.70	44	\$ 524.72	\$ 43.73
Row 3,4 & 5 Houses	3.773%	\$ 11,545.38	40	\$ 288.63	\$ 24.05
Cypress Grove Townhomes	11.84%	\$ 36,230.40	23	\$ 1,575.23	\$ 131.27
Pelican Point Condominiums	10.18%	\$ 31,150.80	87	\$ 358.06	\$ 29.84
PDA Stairs	2.53%	\$ 7,741.80	1	\$ 7,741.80	\$ 645.15
Zone 1 Total:		\$ 306,000.00	262	Zone 1 Annual Budget:	\$ 306,000.00
Zone 2					
Pelican Point Condominiums	99.47%	\$ 7,509.99	87	\$ 86.32	\$ 7.19
PDA Stairs	0.53%	\$ 40.01	1	\$ 40.01	\$ 3.33
Zone 2 Total:		\$ 7,550.00	88	Zone 2 Annual Budget:	\$ 7,550.00

5 Parcels Map

All of the parcels of real property within this assessment district, including the major groups, Houses, Pelican Point Condominiums, and Cypress Grove Townhomes are presented in Figures 1 and 2.

Figures

Draft



SOURCE: HARO, KASUNICH AND ASSOCIATES, INC., 2008

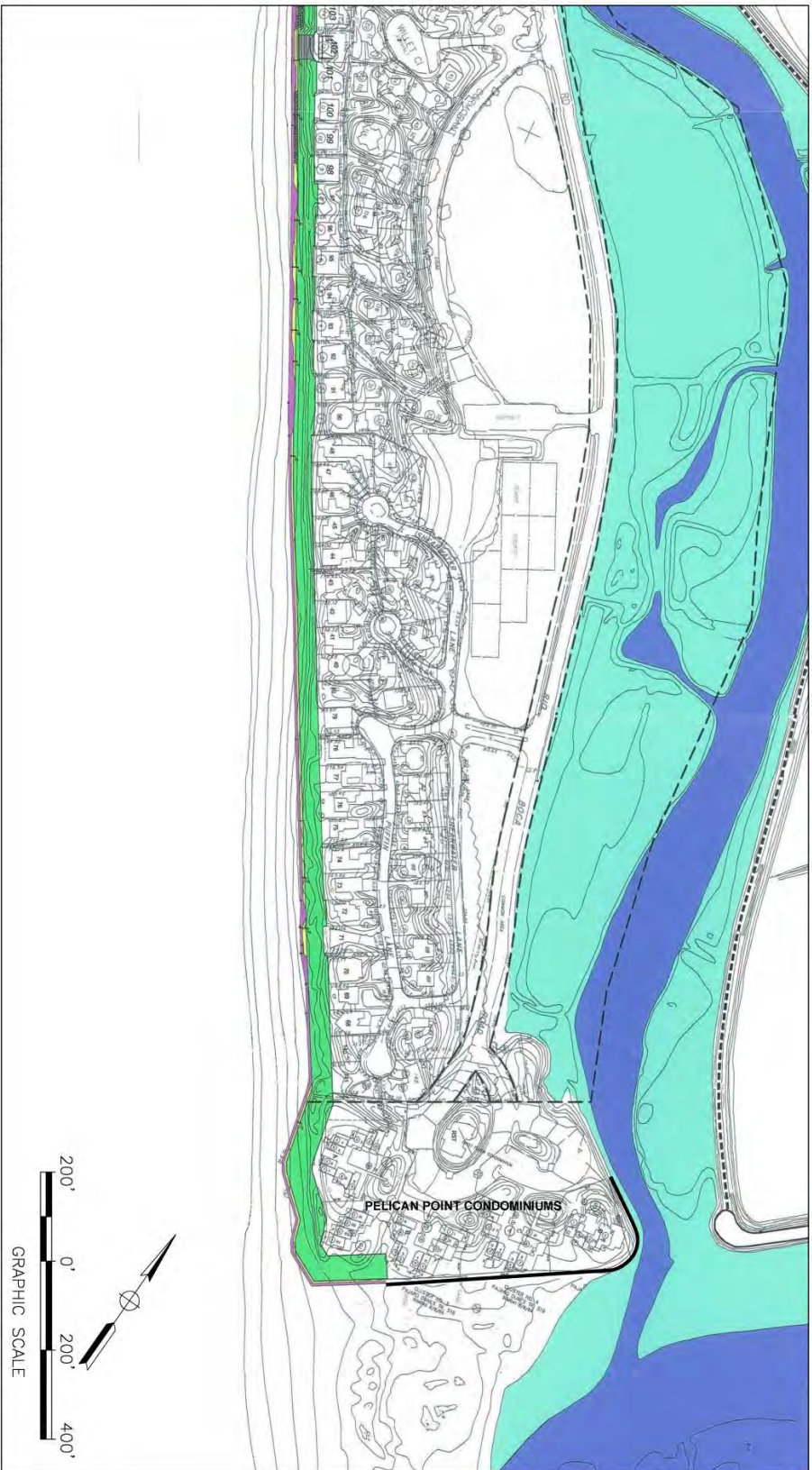
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PROJECT PROPERTIES - NORTH SIDE
Pajaro Dunes Rock Revetment
Engineer's Report
Pajaro Dunes GHAD
Watsonville, California

November 2017

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FIGURE 1



SOURCE: HARO, KASINICH AND ASSOCIATES, INC., 2008

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PROJECT PROPERTIES - SOUTH SIDE
 Pajaro Dunes Rock Revetment
 Engineer's Report
 Pajaro Dunes GHAD
 Watsonville, California
 November 2017
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FIGURE 2