



**MEETING AGENDA
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT
HYBRID MEETING**

in person at

**Board Room
2661 Beach Rd.
Watsonville, CA 95076**

Saturday, October 5th, 2024 9:00 a.m.

And via ZOOM

Join Zoom Meeting

<https://us02web.zoom.us/j/82232811149?pwd=WWlvcUkwQlBpb1hULzIEUEV4UXV5UT09>

**Meeting ID: 822 3281 1149
Passcode: 608360
Phone in: +1 669 900 9128 US**

If you have any questions, please contact the District Clerk at pdghad@gmail.com

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

**John Cullen, President
David Ferrari, Vice-President
Raphael Kraw, Treasurer**

**Michael Butner, Director
Patrick Dobbins, 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.

2024 Proposed Dates

December 14th, 2024

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 meeting minutes from July 27th, 2024

E. MEETING reports

2. 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.

F. TREASURER’S REPORT

3. Financial Reports pg. 7
 - Financial Report through August 2024
 - Warrant listing

G. NEW BUSINESS

4. ITEM- Seawall Maintenance and Repair Project update and timeline considerations for construction Requests For Proposals. Pg. 12
 - a. Board report
 - b. Public comment
 - c. Board discussion
 - d. Board action /direction

5. ITEM –Finance Committee presentation on Seawall Maintenance and Repair Project financing efforts. Pg. 29

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

6. ITEM – Consider a resolution to accept a contract for Municipal Advisory Services with Ridgeline Municipal Strategies, LLC. Pg. 41

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

7. ITEM – Review proposals for and consider a resolution to approve the retention of a firm to act as bond counsel while obtaining capital financing for the Pajaro Dunes Seawall Maintenance Project. Pg. 58

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

8. ITEM- Review proposals for and consider a resolution to enter a contract for retention of a firm to act as a placement agency to obtain capital financing for the Pajaro Dunes Seawall Maintenance Project. Pg. 62

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

9. ITEM – Review and consider acceptance of the financial audit report for the year ended June 30, 2024. Pg. 68

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

10. ITEM – Consider renewing contract for 2025 with Streamline for website services. Pg. 102

- a. Board report
- b. Public comment

- c. Board discussion
- d. Board action

11. ITEM – Biennial review of conflict of interest code. Pg. 105

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

12. ITEM – Board of Directors Election-Consider approval of John Cullen and David Ferrari to be appointed in-lieu of election for 4 year terms by the Santa Cruz County Board of Supervisors for the 2 open Director seats.

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

13. 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.

H. ADJOURNMENT

The next Meeting of the Board of Directors is scheduled for December 14th, 2024, at 9:00 a.m. online via Zoom and 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) 818-9253, 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.

PDGHAD

**MEETING MINUTES
PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT
HYBRID MEETING in person at**

**Meadow Room
130 Sandpiper Ln.
Watsonville, CA 95076**

Saturday, July 27th, 2024 9:00 a.m.

And via ZOOM

Join Zoom Meeting

<https://us02web.zoom.us/j/82232811149?pwd=WWlvcUkwQlBpb1hULzIEUEV4UXV5UT09>

**Meeting ID: 822 3281 1149
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If you have any questions, please contact the District Clerk at pdghad@gmail.com

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

**John Cullen, President-present
David Ferrari, Vice-President-present
Raphael Kraw, Treasurer-present**

**Michael Butner, Director-present
Patrick Dobbins, Director-present
Sarah Mansergh, Clerk-present**

Michael Rodriguez (attorney), Kate Krug (engineer), Ali Osgood (vote tabulator), Bob Scranton, Kelly Butner, Carol Turley, John Kelly, Stacey Stillman

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

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

Raphael Kraw moves to approve the resolution calling for an election and consolidating with the November general election. Michael Butner seconds. All approve: 5-0.

5. ITEM – Final vote tabulation and certification of assessment election count. If vote is affirmative consider a resolution declaring certified 2024 assessment election results and intent to levy assessments for fiscal year 2024-2025.

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

Ali Osgood provided the final vote tabulation as approved with 91% of submitted votes. David Ferrari moves to accept the certified results. Raphael Kraw seconds. All approve: 5-0.

Patrick Dobbins moves to approve the resolution declaring the certified results and directing Clerk to submit the assessment roll to the County of Santa Cruz Assessor by July 31 to be included on the 2024/2025 property tax bills. Raphael Kraw seconds. All approve 5-0

Further action was taken to create a loan financing committee comprised of David Ferrari and Raphael Kraw to work with Wendy Cumming (accountant) to review financing options.

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 Meeting of the Board of Directors is scheduled for August 3rd, 2024, at 9:00 a.m. online via Zoom and at the offices of the Pajaro Dunes Geologic Hazard Abatement District, Board Room, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076. Individuals who require special accommodations are requested to contact the District Clerk by calling (831) 818-9253, 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.

Pajaro Dunes Geologic Hazard Abatement District

Balance Sheet

As of August 31, 2024

Aug 31, 24

ASSETS

Current Assets

Checking/Savings

100000 · SCCB Z1 - Checking 3957	287,321
100001 · SCCB Z2 - Checking 3965	94,454
100002 · SCCB Z1 Emerg - MM 1877	695,449
100003 · SCCB LTD - MM 0208	51,562
100004 · SCCB Bond Holding - MM 1232	218,392

Total Checking/Savings 1,347,178

Accounts Receivable

120000 · Assessments Receivable	68,857
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Total Accounts Receivable 68,857

Other Current Assets

121500 · Prepaid Insurance	10,072
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Total Other Current Assets 10,072

Total Current Assets 1,426,107

Fixed Assets

150000 · Riverwall	3,000,000
160000 · Accumulated Depreciation	-1,966,666

Total Fixed Assets 1,033,334

Other Assets

182000 · Def. Outflow of Resource (Rock)	16,203
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Total Other Assets 16,203

TOTAL ASSETS **2,475,644**

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

200000 · Accounts Payable	-105,240
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Total Accounts Payable -105,240

Other Current Liabilities

220000 · Accrued Interest	21,460
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Total Other Current Liabilities 21,460

Total Current Liabilities -83,780

Long Term Liabilities

285000 · Bonds Payable Z2	815,000
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286000 · Bonds Payable Discount Z2	-52,250
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286500 · Amort. Bond Discount Z2	40,561
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Total Long Term Liabilities 803,311

Total Liabilities 719,531

Equity

30000 · Opening Balance Equity	608,448
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32000 · Retained Earnings	1,134,276
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Net Income	13,390
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Total Equity 1,756,114

TOTAL LIABILITIES & EQUITY **2,475,645**

Pajaro Dunes Geologic Hazard Abatement District
Profit & Loss Budget vs. Actual
 July through August 2024

	Zone 1		
	Jul - Aug 24	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
410000 - Assessment Income	36,795	36,795	-
Total Income	36,795	36,795	-
Expense			
61518 - Clerk	325	1,654	(1,329)
615415 - Accounting	700	4,295	(3,595)
615416 - Assessment Admin. Expense	492	3,000	(2,508)
616500 - Legal Fees	2,020	3,545	(1,525)
619010 - Technical Consulting Costs	14,642	23,169	(8,527)
628500 - Insurance Expense	2,954	2,954	-
629030 - SBA Repayment to PHA Z2			
650000 - Bank Service Charges			
750000 - Depreciation Expense Z2			
Total Expense	21,133	38,617	(17,484)
Net Ordinary Income	15,662	(1,822)	17,484
Other Income/Expense			
Other Income			
410070 - Interest & Penalty Income	3,787	2,500	1,287
Total Other Income	3,787	2,500	1,287
Other Expense			
855000 - Interest Expense			
955500 - Interest Bond Discount			
Total Other Expense			
Net Other Income	3,787	2,500	1,287
Net Income	19,449	678	18,771

Pajaro Dunes Geologic Hazard Abatement District
Profit & Loss Budget vs. Actual
 July through August 2024

	Zone 2		
	Jul - Aug 24	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
410000 - Assessment Income	32,003	32,003	-
Total Income	<u>32,003</u>	<u>32,003</u>	<u>-</u>
Expense			
61518 - Clerk		512	(512)
615415 - Accounting			
615416 - Assessment Admin. Expense	164	1,000	(836)
616500 - Legal Fees			
619010 - Technical Consulting Costs			
628500 - Insurance Expense			
629030 - SBA Repayment to PHA Z2	15,476	15,476	
650000 - Bank Service Charges		94	(94)
750000 - Depreciation Expense Z2	16,666	16,666	
Total Expense	<u>32,306</u>	<u>33,748</u>	<u>(1,442)</u>
Net Ordinary Income	(303)	(1,745)	1,442
Other Income/Expense			
Other Income			
410070 - Interest & Penalty Income	1,451	25	1,426
Total Other Income	<u>1,451</u>	<u>25</u>	<u>1,426</u>
Other Expense			
855000 - Interest Expense	6,859	6,859	-
955500 - Interest Bond Discount	348	348	
Total Other Expense	<u>7,207</u>	<u>7,207</u>	<u>-</u>
Net Other Income	(5,756)	(7,182)	1,426
Net Income	<u><u>(6,059)</u></u>	<u><u>(8,927)</u></u>	<u><u>2,868</u></u>

Pajaro Dunes Geologic Hazard Abatement District
Profit & Loss Budget vs. Actual
 July through August 2024

	TOTAL		
	Jul - Aug 24	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
410000 - Assessment Income	68,798	68,798	
Total Income	68,798	68,798	
Expense			
61518 - Clerk	325	2,166	(1,841)
615415 - Accounting	700	4,295	(3,595)
615416 - Assessment Admin. Expense	656	4,000	(3,344)
616500 - Legal Fees	2,020	3,545	(1,525)
619010 - Technical Consulting Costs	14,642	23,169	(8,527)
628500 - Insurance Expense	2,954	2,954	-
629030 - SBA Repayment to PHA Z2	15,476	15,476	
650000 - Bank Service Charges		94	(94)
750000 - Depreciation Expense Z2	16,666	16,666	
Total Expense	53,439	72,365	(18,926)
Net Ordinary Income	15,359	(3,567)	18,926
Other Income/Expense			
Other Income			
410070 - Interest & Penalty Income	5,238	2,525	2,713
Total Other Income	5,238	2,525	2,713
Other Expense			
855000 - Interest Expense	6,859	6,859	-
955500 - Interest Bond Discount	348	348	
Total Other Expense	7,207	7,207	-
Net Other Income	(1,969)	(4,682)	2,713
Net Income	13,390	(8,249)	21,639

Pajaro Dunes Geologic Hazard Abatement District
Bank Account Activity
As of August 31, 2024

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
100000 - SCCB Z1 - Checking 3957						253,444.54
Bill Pmt -Check	07/02/2024	1505	Cal Engineering & Geology		8,481.25	244,963.29
Bill Pmt -Check	07/02/2024	1506	County of Santa Cruz -		1,710.36	243,252.93
Bill Pmt -Check	07/02/2024	1507	Jarvis Fay LLP		6,180.00	237,072.93
Bill Pmt -Check	07/02/2024	1508	Wendy L. Cumming, CPA		1,771.88	235,301.05
Deposit	07/09/2024		County of Santa Cruz -	60,169.12		295,470.17
Bill Pmt -Check	07/30/2024	1509	Alexis Osgood		325.00	295,145.17
Bill Pmt -Check	07/30/2024	1510	Cal Engineering & Geology		2,954.53	292,190.64
Bill Pmt -Check	07/30/2024	1511	Jarvis Fay LLP		2,220.00	289,970.64
Bill Pmt -Check	07/30/2024	1512	Sarah Mansergh		3,604.54	286,366.10
Bill Pmt -Check	07/30/2024	1513	Wendy L. Cumming, CPA		1,192.19	285,173.91
Deposit	08/06/2024		County of Santa Cruz	2,147.23		287,321.14
Total 100000 - SCCB Z1 - Checking 3957				62,316.35	28,439.75	287,321.14
100001 - SCCB Z2 - Checking 3965						70,779.70
Bill Pmt -Check	07/02/2024	1407	Pelican Home Owner's Association		7,738.00	63,041.70
Bill Pmt -Check	07/02/2024	1408	Wendy L. Cumming, CPA		153.12	62,888.58
Deposit	07/09/2024		County of Santa Cruz	39,823.29		102,711.87
Bill Pmt -Check	07/30/2024	1409	Pelican Home Owner's Association		7,738.00	94,973.87
Bill Pmt -Check	07/30/2024	1410	Sarah Mansergh		614.45	94,359.42
Bill Pmt -Check	07/30/2024	1411	U.S. Bank St. Paul		121,902.50	-27,543.08
Bill Pmt -Check	07/30/2024	1412	Wendy L. Cumming, CPA		164.06	-27,707.14
Deposit	08/06/2024		County of Santa Cruz	258.88		-27,448.26
Transfer	08/08/2024		From Bond Holding (Debt pmt)	121,902.50		94,454.24
Total 100001 - SCCB Z2 - Checking 3965				161,984.67	138,310.13	94,454.24
100002 - SCCB Z1 Emerg - MM 1877						691,924.23
Deposit	07/31/2024		SCCB Interest	1,760.33		693,684.56
Deposit	08/31/2024		SCCB Interest	1,764.81		695,449.37
Total 100002 - SCCB Z1 Emerg - MM 1877				3,525.14	0.00	695,449.37
100003 - SCCB LTD - MM 0208						51,300.63
Deposit	07/31/2024		SCCB Interest	130.51		51,431.14
Deposit	08/31/2024		SCCB Interest	130.85		51,561.99
Total 100003 - SCCB LTD - MM 0208				261.36	0.00	51,561.99
100004 - SCCB Bond Holding - MM 1232						285,255.93
Deposit	07/09/2024		County of Santa Cruz	53,587.34		338,843.27
Deposit	07/31/2024		SCCB Interest	826.84		339,670.11
Transfer	08/08/2024		Zone 2 Operating for debt pmt		121,902.50	217,767.61
Deposit	08/31/2024		SCCB Interest	624.12		218,391.73
Total 100004 - SCCB Bond Holding - MM 1232				55,038.30	121,902.50	218,391.73
				283,125.82	288,652.38	1,347,178.47



555 12th Street, Suite 1630
Oakland, CA 94607

Phone: (510) 238-1400

www.jarvisfay.com

DATE: October 1, 2024
TO: Pajaro Dunes GHAD Board of Directors
FROM: District Counsel
RE: Competitive Contracting Procedures

Generally speaking, public entities in California are subject to the provisions of the California Public Contract Code. The Code provides that all public works contracts in excess of \$5,000 are required to comply with an established process of competitive bidding. (“Public Works” are defined as the erection, improvement, or repair of public buildings and works, work in or about streams, bays, waterfronts, and embankments for protection from overflow, and furnishing supplies or materials for any such project, including maintenance. See PCC Section 20161.) There are notable exceptions to the competitive bidding process, such as for emergencies or for certain types of professional services related to public projects (engineering, architectural, construction management and so forth). See Government Code Section 4529.10.

The basic competitive bidding process requires a public entity to:

1. Prepare a notice inviting bids and disseminate the notice to contractors; and
2. After the end of the response period, open bids and determine the lowest bidder; and
3. Confirm that the lowest bidder is “responsive,” in other words that the bidder has provided all of the information required by the notice to bidders; and
4. Confirm that the lowest bidder is responsible- able to demonstrate the attributes of trustworthiness, quality, fitness, capacity and experience satisfactory to perform the involved public works; and
5. Prepare and enter into a contract for services.

In most cases this process will result in the award of a contract to the lowest bidder, as it is fairly unusual to reject on the basis of non-responsiveness or responsibility. In a perfect world the entire competitive bidding process takes about 2 to 3 months, but as you can imagine, there are many complications that can extend the process.

The competitive bidding process is meant to ensure that the public entity gets the best deal for its use of public funds and to eliminate the likelihood that contracts are awarded on some illegitimate basis, such as a relationship between entity board members and the contractor. Prior

To: Pajaro Dunes GHAD Board of Directors
Re: Competitive Contracting Procedures
Date: October 1, 2024
Page: 2

to the establishment of the competitive bidding process, there was evidence of numerous contracts being award by public entities to “friends of the council/board,” often at prices far in excess of market rates.

All this being said, although it has never been litigated or the subject of any formal opinion I could locate, there is good reason to argue that a GHAD is not subject to the bid procedures set forth in the California Public Contract Code. The actions of the GHAD are meant to address or prevent emergency circumstances and as referenced above, such actions are normally exempt from established public contracting requirements. However, because all public entities have a responsibility to provide transparency with respect to spending public funds, California Public Resources Code Sections 26574-26581 provide GHADs with the authority to adopt a policy regarding contracts and purchasing authority and procedures. Public Resources Code Sections 26600 and 26574 establish the authority for GHADs to adopt competitive bidding procedures. As such, there is a clear expectation that a GHAD will adopt some form of competitive bidding procedures. A quick review indicates that in many cases, rather than recreate the wheel, GHADs just default to the Public Contract Code or similar procedures.

I did a search of the GHAD records and was unable to find an adopted contracting policy. As such, the Board will need to prepare and adopt a set of procedures for use by the District. I’ve provided a sample so that we can discuss as desired on Saturday. The plan would be to bring back a policy for Board review and consideration at the December meeting.

3.24.080 - Bidding procedures for public works construction projects.

- A. Purpose: The purpose of this section is to adjust the monetary limits for construction projects which can be carried out with administrative decision, informally bid, and formally bid projects. It is the intent of the city council that this section shall govern the selection of contractors by the city through the bidding procedures specified in article 1, chapter 2, part 3, division 2 of Public Contract Code section 22000 et seq., the Uniform Public Construction Cost Accounting Act.
- B. Definitions: The definitions employed in article 1 of chapter 2, part 3, division 2 of Public Contract Code section 22000 et seq., and their statutory successors shall govern the construction of this section.

Accordingly, a "public project" means any of the following:

- (i) Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
- (ii) Painting or repainting of any publicly owned, leased, or operated facility.
- (iii) In the case of a publicly owned utility system, "public project" shall include only the construction, erection, improvement, or repair of dams, reservoirs, power plants, and electrical transmission lines of two hundred thirty thousand volts and higher.

A "public project" does not include maintenance work, such as:

- (i) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.
- (ii) Minor repainting.
- (iii) Resurfacing of streets and highways at less than one inch.
- (iv) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.
- (v) Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, power plants, and electrical transmission lines of two hundred thirty thousand volts and higher.

- C. Contract Letting Procedures: Except as otherwise provided herein, the provisions of the Uniform Public Construction Cost Accounting Act, Public Contract Code section 22000 et seq., shall be controlling.
 - 1. List of Qualified Contractors: The city shall develop and maintain a list of qualified contractors, identified according to categories of work in accordance with Public Contract Code section 22034 and as determined by the California Uniform Construction Cost Accounting Commission, on an annual basis. City staff shall make an effort to include contact with local contractors in assembling the list of qualified contractors.

2. No Bidding Required: Public projects less than or equal to sixty thousand dollars may be performed by city staff, by force account with a contractor, by negotiated contract, or by use of a purchase order, pursuant to section 22032 of the Public Contract Code. Although not required, the city may still seek bids or proposals for such projects on an informal basis where there is reason to believe such inquiry would be advantageous. No-bid contracts shall be awarded by the city manager. All no-bid contracts will be reported to the city council on a monthly basis.
3. Informal Bids: The City shall follow the following informal bidding procedure for public projects of two hundred thousand dollars (\$200,000.00) or less, or those public projects as specified in either section 22032(b) or section 22020 of the Public Contract Code.
 - (a) Notice: A notice inviting informal bids shall be sent to: (1) all contractors on the city's list of qualified contractors for the category of work being bid, and (2) all construction trade journals as specified in section 22036 of the Public Contract Code and as named by the California Uniform Construction Cost Accounting Commission.
 - (i) The mailing of notices to contractors and construction trade journals shall be completed not less than ten calendar days before bids are due.
 - (ii) The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids.
 - (iii) Bid documents may be transmitted or received over the internet, by facsimile and/or electronic mail.
 - (b) Authority to Award Bid: The city council shall award informal contracts. The city council may reject any or all bids presented and waive any irregularity or informality in such bids. The contract shall be awarded to the lowest responsive, responsible bidder. If two or more bids are the same and the lowest, the city council may accept the bid of its choice. In the event all informal bids received are in excess of two hundred thousand dollars, the city council may, by passage of a resolution by a four-fifths vote, award the contract at the amount set forth in section 22034(d) of the Public Contract Code or less to the lowest responsible bidder, if it determines the cost estimate of the responsible department head was reasonable. If no bids are received, the project may be performed by city employees, by force account or negotiated contract without further complying with this section.
4. Formal Bids: The city shall follow the following formal bidding procedure for public projects greater than two hundred thousand dollars, or as specified in either section 22032(b) or section 22020 of the Public Contract Code.
 - (a) Plans and Specifications: The city council shall adopt plans, specifications, and working details for all public projects that are formally bid.

- (b) Notice: A notice inviting formal bids shall be published and mailed as specified below.
 - (i) A notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project.
 - (ii) The notice inviting formal bids shall be mailed to all construction trade journals specified in section 22036 of the Public Contract Code and as named by the California Uniform Construction Cost Accounting Commission, at least thirty calendar days before the date of opening the bids.
 - (iii) The notice inviting formal bids shall be published in a newspaper of general circulation printed and published within the jurisdiction of the city, or if none exists, in a newspaper of general circulation which is circulated within the jurisdiction of the city, at least fourteen calendar days before the date of opening the bids.
 - (iv) In addition to notice required by this section, the public agency may give such other notice as it deems proper.
- 5. Procedure for the Award of Formal Bids:
 - (a) Contracts shall be awarded by the city council. If a contract is awarded, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the City Council may accept the bid of its choice in the formal bidding process.
 - (b) The city council has the discretion to reject any bids presented.
 - (c) The city council has the discretion to reject all bids, if:
 - (i) The city council declares that the project may be more economically performed by employees of the city; and
 - (ii) The city furnishes written notice to the apparent low bidder that informs the bidder of the agency's intention to reject the bid. Such notice shall be mailed at least two business days prior to the public hearing at which the city council intends to reject the bid.
 - (d) If after the first invitation of bids all bids are rejected, after reevaluating its cost estimates of the project, the city shall have the option of either of the following:
 - (i) Abandoning the project or re-advertising for bids in the manner described by this section; or
 - (ii) By passage of a resolution by a four-fifths vote of the city council, declaring that the project can be performed more economically by the employees of the public agency, may have the project done by force account without further complying with the Uniform Public Construction Cost Accounting Act or this section.
 - (e)

No Bids Received: If no bids are received through the formal procedure, the project may be performed by the employees of the city by force account, or negotiated contract without further complying with the Uniform Public Construction Cost Accounting Act or this section.

6. Emergencies: In the case of emergency when repairs or replacements are necessary, the governing body may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the city, by contractor, or by a combination of the two. If the city chooses not to give notice for bids to let contracts, the City must comply with the provisions of the Uniform Public Construction Cost Accounting Act, Public Contract Code section 22050 et seq.

(Ord. No. 735, § 2, 10-7-2020)

GHAD Policy on Contracts and Purchasing Procedures

Applicable to all GHADs established in and managed by the City of Dublin

Sections:

- 1.010 Adoption of a purchasing system.**
- 1.020 Definitions.**
- 1.030 GHAD Board approval of contracts and purchases.**
- 1.040 Purchasing Agent designated.**
- 1.050 Purchasing Agent authority for contracts and purchases—
Less than forty-five thousand dollars (\$45,000).**
- 1.060 Purchasing award—Factors to be considered for
responsiveness and responsibility.**
- 1.070 Contracts and purchases of general services, supplies and
equipment—Less than five thousand dollars (\$5,000).**
- 1.080 Contracts and purchases of general services, supplies, and
equipment—Greater than or equal to five thousand dollars
(\$5,000) and less than forty-five thousand dollars (\$45,000).**
- 1.090 GHAD Board authority for contracts and
purchases—Greater than or equal to forty-five thousand
dollars (\$45,000)—Competitive bidding.**
- 1.100 Exceptions to competitive bidding.**
- 1.110 Splitting orders prohibited.**
- 1.120 Purchase orders.**
- 1.130 Availability of sufficient funds.**
- 1.140 Inspection and review.**
- 1.150 Surplus supplies and equipment.**
- 1.160 Public projects.**

1.010 Adoption of a purchasing system.

A purchasing system is hereby adopted in order to establish efficient procedures for the procurement of services, supplies and equipment at the lowest possible cost commensurate with the level of quality required, to exercise financial control over purchases, and to clearly define authority for the purchasing function.

1.020 Definitions.

For the purposes of this Policy, the words set out in this section shall have the following meanings:

A. "GHAD" means the Fallon Village, Schaefer Ranch and Fallon Crossing Geological Hazard Abatement District.

B. "Board" means the GHAD Board of Directors.

C. "Consultant or professional services" means the services rendered by architects, attorneys, engineers, doctors, financial consultants, planning or environmental consultants, investment advisors, bank or trustee officers, and other professional or specialized consultants.

D. "Contract" means any agreement to do or not do a certain thing. For the purposes of this Policy, "contract" and "agreement" are synonymous. The term "contract" includes, but is not limited to, a purchase order; a contract for services; an addendum or change order, which means a change or addendum to an executed contract; a letter of agreement; and a memorandum of understanding.

E. "Force account" is a term used by the Uniform Construction Cost Accounting Procedures meaning an account which is used to account for work performed on public projects using internal resources, including but not limited to labor, equipment, materials, supplies, and subcontracts of the public agency.

F. "Emergency" means 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. "Emergency" includes such occurrences as fire, flood, earthquake, or other soil or geologic movements and hazards, as well as such occurrences as riot, accident, or sabotage.

G. "General services" means and includes any work performed or services rendered by an independent contractor, with or without the furnishing of materials, including, but not limited to, the following:

1. Maintenance or nonstructural repair of GHAD buildings, structures or improvements which does not require engineering plans, specifications or design, including, but not limited to, unscheduled replacement of broken window panes, fire extinguisher maintenance, minor roof repairs, plumbing, elevator maintenance, custodial services and pest control, etc.;

2. Repair, modification and maintenance of GHAD equipment and software;

3. Cleaning, analysis, testing, moving, removal or disposal (other than by sale) of GHAD supplies and equipment;

4. Replanting, care or maintenance of public grounds, including, but not limited to, maintenance of trees, shrubbery, flowers, and lawns;
5. Providing temporary personnel services;
6. Providing other miscellaneous services to facilitate GHAD operations;
7. Licensing software services;
8. Leasing or rental of equipment (personal property) for use by the GHAD;
9. Maintenance of equipment owned or leased by the GHAD.

“General services” does not include consultant or professional services, or work associated with a public project.

H. “Goods of a technical nature” means hardware, software, or communications equipment, or any item that is substantially similar to the foregoing as determined by the Purchasing Agent.

I. “Public project” shall have the meaning given that term by California Public Contract Code Section 20161 and the Uniform Construction Cost Accounting Procedures (“UCCAP”) set forth in the Uniform Public Construction Cost Account Act (“The Act”) and referenced in Section 1.160 of this Policy.

J. “Supplies and equipment” means and includes tangible goods, supplies, equipment, vehicles, printing, materials, and furniture and furnishings purchased on behalf of the GHAD.

1.030 GHAD Board approval of contracts and purchases.

GHAD Board approval is required for all contracts and purchases unless otherwise specified by this Policy or by another provision of federal or state law.

1.040 Purchasing Agent designated.

The GHAD Manager is designated as Purchasing Agent. The Purchasing Agent may delegate all or a portion of the contracting or purchasing duties to any GHAD staff member. The Purchasing Agent shall have the authority to:

A. Contract for or procure consultant or professional services, general services, supplies and equipment required by the GHAD, in accordance with purchasing procedures outlined in this Policy;

B. Negotiate and recommend execution of contracts for the purchase of consultant or professional services, general services, supplies and equipment;

C. Act to procure for the GHAD the necessary quality in consultant or professional services, general services, supplies and equipment at the lowest cost to the GHAD;

D. Prepare and recommend to the GHAD Board revisions and amendments to the purchasing rules;

E. Establish and maintain such forms as are reasonably necessary to the operation of this Policy;

F. Supervise the inspection of all consultant or professional services, general services, supplies and equipment purchased to ensure conformance with specifications;

G. Pursuant to Section 1.150 of this Policy, arrange the sale or disposal of all supplies and equipment which cannot be used by the GHAD, or which have become unsuitable for GHAD use;

H. Maintain a bidder's list and other records necessary for the efficient acquisition of consultant or professional services, general services, and supplies and equipment;

I. Join with other governmental agencies in joint purchasing endeavors where the purchasing procedures conform to the provisions of this Policy and state law.

1.050 Purchasing Agent authority for contracts and purchases—Less than forty-five thousand dollars (\$45,000).

A. With the exception of public projects as defined in Section 1.020 of this Policy, the Purchasing Agent is authorized to enter into a contract on behalf of the GHAD and approve a purchase by the GHAD without the prior approval of the GHAD Board, so long as the contract or purchase satisfies the following conditions:

1. The total cost is less than forty-five thousand dollars (\$45,000);
2. The monies have been appropriated; and
3. The contract or purchase is for consultant or professional services, general services, or supplies and equipment.

B. In an emergency the Purchasing Agent may authorize the expenditure of any unencumbered monies in the emergency reserve fund, notwithstanding the fact that such monies may not have been appropriated for such purpose, to the extent that said emergency funds have not been appropriated or are otherwise unavailable therefor.

1.060 Purchasing award—Factors to be considered for responsiveness and responsibility.

The following factors shall be considered in determining the responsiveness of potential contracts and purchases and the responsibility of vendors and bidders in accordance with applicable law:

- A. The amount of the contract or the purchase price;
- B. The ability, capacity and skill of the bidder or vendor to perform the contract or provide the service required;
- C. The ability of the bidder or vendor to perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- D. The reputation and experience of the bidder or vendor;
- E. The previous experience of the GHAD with the bidder or vendor;
- F. The previous and existing compliance by the bidder or vendor with the laws and ordinances;
- G. The sufficiency of the bidder's or vendor's financial resources and ability to perform the contract or provide the service;
- H. The quality, availability, and adaptability of the supplies or contractual services to the particular use required;
- I. The ability of the bidder or vendor to provide future maintenance and service for the subject of the contract or purchase;
- J. The purchase of supplies, whenever feasible, containing the highest amount of postconsumer and recovered materials practicable. In all cases, these products must meet reasonable performance standards, and be readily available at a competitive price. In addition, all equipment bought, leased or rented shall, wherever feasible, be compatible with the use of other recycled products purchased by the GHAD;

K. Compliance with any administrative policies referencing "green fleet" purchasing procedures;

L. In the event that two (2) or more potential contracts or bids are received from responsible bidders or vendors for the same total amount or unit price, quality and service being equal, preference shall be given to the local vendor, or the GHAD Board may accept the lowest bid made by negotiation with the tie bidders and the Purchasing Agent.

1.070 Contracts and purchases of general services, supplies and equipment—Less than five thousand dollars (\$5,000).

For purchases of general services or supplies and equipment of less than five thousand dollars (\$5,000), informal quotations should be obtained, but are not required. Comparative pricing is expected to secure the lowest price. Negotiated pricing is allowed and GHAD staff are strongly encouraged to solicit quotations from Dublin-based businesses.

1.080 Contracts and purchases of general services, supplies, and equipment—Greater than or equal to five thousand dollars (\$5,000) and less than forty-five thousand dollars (\$45,000).

A. Purchases of general services, supplies and equipment greater than or equal to five thousand dollars (\$5,000) and less than forty-five thousand dollars (\$45,000) shall, whenever possible, be based on at least three (3) quotations. For purchases greater than or equal to five thousand dollars (\$5,000) and less than ten thousand dollars (\$10,000), the quotations may be verbal or written. For purchases greater than or equal to ten thousand dollars (\$10,000) and less than forty-five thousand dollars (\$45,000), the quotations shall be in writing, which writings may include facsimile and electronic mail transmissions. Quotations with the required documentation shall be submitted to the GHAD Treasurer for approval by the Purchasing Agent. Negotiated pricing is allowed and departments are strongly encouraged to solicit quotations from city of Dublin-based businesses. The purchase of any general services, supplies and equipment greater than or equal to five thousand dollars (\$5,000) and less than forty-five thousand dollars (\$45,000) shall be consistent with the factors stated in Section 1.060 of this Policy and shall be made from the vendor that submits the lowest total cost.

B. At the discretion of the Purchasing Agent, the competitive bidding procedure set forth in Section 1.090 of this Policy may be used for any acquisition of general services, supplies and equipment, regardless of the value.

1.090 GHAD Board authority for contracts and purchases greater than or equal to forty-five thousand dollars (\$45,000) competitive bidding.

GHAD Board approval shall be required to authorize the contract for or purchase of any consultant or professional services, general services or supplies and equipment with a cost greater than or equal to forty-five thousand dollars (\$45,000).

GHAD Board authorization for purchases of general services and supplies and equipment with a cost greater than or equal to forty-five thousand dollars (\$45,000) shall comply with the competitive bidding procedure set forth in this section, except as provided in Section 1.100 of this Policy. Bids should be obtained from one (1) or more vendors located within Dublin whenever possible.

A. Notices inviting bids shall include a general description of the services and/or articles to be purchased or sold, where bid blanks and specifications may be obtained, the time and place for bid openings, and whether a bid deposit or bond and a faithful performance bond will be required.

B. Notices inviting bids shall be posted in at least three (3) public places in the GHAD that have been designated by ordinance as the place for posting public notices, at least fourteen (14) calendar days before the date of opening the bids.

C. The Purchasing Agent shall also solicit sealed bids from all responsible prospective suppliers whose names are on the bidder's list and may advertise the notice inviting bids in applicable publications and websites readily accessible to the public.

D. When deemed necessary by the Purchasing Agent or GHAD Board, any bidder may be required to submit a bid deposit or bond in an amount determined by the Purchasing Agent or GHAD Board. A successful bidder (and his surety, if a bond is furnished) shall be liable for any damages upon the bidder's failure to enter into a contract with the GHAD or upon the bidder's failure to perform in accordance with the tenor of his or her bid.

E. When deemed necessary by the Purchasing Agent or GHAD Board, any person or entity entering into a contract with the GHAD may be required to furnish a faithful performance deposit or bond in an amount determined by the Purchasing Agent or GHAD Board.

F. Bids shall be opened in public at the time and place stated in the public notices. A tabulation of all bids received shall be open for public inspection during regular business hours for a period of not less than thirty (30) calendar days after the bid opening.

G. At its discretion, the GHAD Board may reject all bids presented and re-advertise for bids.

H. Contracts shall be awarded by the GHAD Board to the lowest responsive, responsible bidder, except as otherwise provided herein.

I. If two (2) or more bids received from responsible bidders are for the same total amount or unit price, quality and service being equal, preference shall be given to the local vendor, or the GHAD Board may accept the lowest bid made by negotiation with the tie bidders and the Purchasing Agent at the time of the bid opening.

1.100 Exceptions to competitive bidding.

A. Contracts or purchases involving the acquisition of consultant or professional services are exempt from competitive bidding; however, the procurement of such services shall be subject to the following:

1. Contracts or purchases involving the acquisition of consultant or professional services greater than or equal to forty-five thousand dollars (\$45,000) will require GHAD Board approval.

2. With respect to contracts for or procurement of professional services from private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms, the Purchasing Agent shall establish administrative procedures to assure that such services are engaged on the basis of demonstrated competence and qualifications for the types of services to be performed and at fair and reasonable prices in compliance with Government Code Section 4526 or its successor.

3. The Purchasing Agent may utilize a request for quotation or request for proposal, to ensure the services are matched with the needs of the GHAD.

B. Any request for an exception under this subsection shall identify the nature of the contract or purchase, amount of the contract or purchase, and the reasons why competitive bidding is not feasible and shall be subject to GHAD Board approval. The provisions of Section 2.36.090 of this Policy subject to GHAD Board approval shall not apply to the following:

1. Where the GHAD's requirements can be met solely by a single patented article or process;

2. Situations where no bids have been received following bid announcements conducted pursuant to the provisions of this Policy;

3. When an emergency requires that an order be placed with the nearest source of supply;

4. When a contract or purchase involves goods of a technical nature, where it would be difficult for a vendor to bid on a standard set of specifications, and the Purchasing Agent undertakes a thorough review of known products and a comparison of features which would most closely meet the GHAD's needs at the lowest cost;

5. Public projects, pursuant to Section 1.160;

1.110 Splitting orders prohibited.

The purchasing dollar limits set forth in this Policy are determined on a per order basis. It is unlawful to split or separate into smaller orders the contract or purchase of general services, supplies and equipment for the purpose of evading the competitive bidding provisions of this Policy.

1.120 Purchase orders.

Purchases greater than or equal to five thousand dollars (\$5,000) shall be documented by purchase orders prepared by the Purchasing Agent in accordance with adopted administrative policies.

1.130 Availability of sufficient funds.

No purchase shall be transacted until it has been ascertained that the GHAD has a sufficient appropriated balance in excess of all unpaid obligations to defray the amount of such purchase.

1.140 Inspection and review.

The Purchasing Agent shall require the inspection of supplies and equipment delivered, and contractual services performed, to determine their conformance with the specifications and requirements set forth in the purchase order or contract.

1.150 Surplus supplies and equipment.

The Purchasing Agent shall establish administrative procedures for GHAD staff to report all supplies and equipment which are no longer used or which have become obsolete or worn out. The Purchasing Agent shall have the authority to sell, trade, exchange, dispose of, discard or destroy all said supplies and equipment. Such sales may be made by auction, negotiated sale, or otherwise, after receiving

bids or proposals that provide the maximum return to the GHAD, as determined by the Purchasing Agent.

The Purchasing Agent shall have the authority to recommend to the GHAD Board surplus supplies and equipment for donation, which donation shall be subject to GHAD Board approval upon making the appropriate findings, including the requisite public purpose for such donation.

At such times as determined by the Purchasing Agent, but at least annually, reports shall be prepared and submitted to the GHAD Manager showing the disposition of surplus supplies and equipment. The report shall contain itemized information on the disposition of any item that had a purchase cost in excess of the capitalization threshold established by the GHAD Manager or his or her designee for inclusion as an asset in the GHAD financial records.

1.160 Public projects.

Public projects as defined by the Uniform Public Construction Cost Accounting Act (Section 22000 et seq. of the California Public Contract Code) shall follow the purchasing procedures as set forth in Section 22032 et seq. of the Public Contract Code.

A. The purchase or contract for public projects less than forty-five thousand dollars (\$45,000) may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order (Public Contract Code Section 22032).

B. The purchase or contract for public projects less than one hundred thousand dollars (\$100,000) may be let to contract by informal procedures as set forth in Section 22032 et seq. of the Public Contract Code.

1. A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.

2. Where a public project is to be performed, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with this section, and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified; provided, however:

a. If there is no list of qualified contractors maintained by the GHAD for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the California Uniform Construction Cost Accounting Commission.

b. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

3. All mailing of notices to contractors and construction journals pursuant to this section shall be completed not less than fourteen (14) calendar days before bids are due.

4. The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and shall state the time and place for the submission of bids.

5. The Purchasing Agent is authorized to award informal contracts pursuant to this section.

C. The purchase or contract for public projects greater than or equal to one hundred thousand dollars (\$100,000) shall be authorized by GHAD Board and shall comply with the competitive bidding procedures set forth in Section 1.090 of this Policy.

Seawall Maintenance and Repair Project Financing Introduction



October 5, 2024



Municipal Advisory | Financial Planning | Pension Optimization



**PAJARO DUNES GEOLOGIC
HAZARD ABATEMENT DISTRICT**

Legal Disclaimer and Disclosures



Ridgeline Municipal Strategies, LLC (Ridgeline) is not herein engaged in rendering legal, accounting, financial or other advisory services. This presentation is intended to provide accurate and authoritative general information and does not constitute advice, guidance or recommendation on any municipal security or municipal financial product.

Ridgeline and its advisors are registered as Municipal Advisors with the U.S. Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”). Our MSRB ID Number is K1294; our SEC ID Number is 867-02573. None of Ridgeline’ Associated Individuals have worked for a broker dealer within the past two years.

The MSRB is the primary rulemaking body for the municipal securities industry in general and municipal advisors in particular. Their website can be accessed at www.msrb.org. The website includes, among other things, the municipal advisory client brochure, which describes protections that are provided by the MSRB’s rules and the process for filing complaints with appropriate regulatory authorities. The client brochure can be accessed at <https://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure.ashx?la=en>.

Ridgeline serves a wide variety of clients that may have interests that could have a direct or indirect impact on interests of other Ridgeline’ clients. For example, Ridgeline owes a fiduciary duty and duty of care a to each of its municipal clients. These clients may, from time to time and depending on specific circumstances, have competing interests. In acting in the interests of multiple clients, Ridgeline could potentially face a conflict of interest arising from such competing client interests. Ridgeline fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with all of its clients.

Ridgeline represents that in connection with the issuance of municipal securities, we may receive compensation for our services from an Issuer or Obligated Person, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of the MSRB Rule G-42, Ridgeline hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding our ability to provide unbiased advice to enter into such transaction. Ridgeline represents that this conflict of interest will not impair Ridgeline’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If Ridgeline becomes aware of any additional potential or actual conflict of interest after this disclosure, we will disclose the detailed information in writing to the Issuer in a timely manner.

Ridgeline has never been subject to any legal, disciplinary or regulatory actions. Ridgeline’s most recent Form MA and each Affiliated Person’s most recent Form MA-I filed with the SEC may be accessed electronically at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

Project Overview



- Seawall Maintenance and Repair Project
- Project budget: \$2.3 million

- Public agencies can finance infrastructure projects with tax-exempt debt

- Pledge of property assessments is viewed favorably by financial markets

Property Assessment Financing Basics



- Assessments are generally viewed by financial markets as stable and predictable
- Property assessment revenues are pledged for the repayment of the debt
- Most investors / lenders require some form of debt service reserve to cover assessment delinquencies, up the lesser of:
 - 10% of total borrowing amount
 - Maximum annual debt service amount
 - 125% of average annual debt service amount
- The reserve is usually funded through debt proceeds and used to pay a portion of the last year's debt service

Possible Methods of Sale



- Two possible ways to finance the Project:
 - Public Sale (municipal bonds)
 - Private Placement (bank loan)

- Choice between Public Sale and Private Placement is mostly based on:
 - Market interest rates
 - Ease of execution and compliance
 - Availability of capital

Public Sale vs Private Placement



	Public Sale (Bond Sale)	Private Placement (Bank Loan)
Credit Rating & Official Statement	Required	Not Required
Due Diligence	Counsel, Rating Agency	Bank
Time to Close	3 Months	2 Months
District Involvement Level	High	Moderate
Interest Rate Lock	At pricing	Up to 30-45 days
Pricing	Lower Rate Higher Costs of Issuance	Higher Rate Lower Costs of Issuance
Prepayment Flexibility	Limited (10-year call)	Various Options
Continuing Disclosure	Strict	More Flexible

Finance Team Members & Responsibilities



- Municipal Advisor (Ridgeline Municipal Strategies, LLC)
 - Fiduciary to District
 - Assure that fiscal and policy interests are protected
 - Manage financing transaction on behalf of District
- Placement Agent
 - Investment bank; FINRA member and Broker-Dealer; acting as independent agent
 - Source capital; price and sell bonds to investors on behalf of District
- Bond Counsel
 - Attorney to District
 - Prepare all legal documentation; assure bonds are “valid and legally binding obligations”

Finance Team Members Selection



- Based on prior conversation with finance committee and staff, private placement (bank loan) is the preferred alternative for this financing:
 - Relatively small financing amount
 - 10-year term
 - Easier execution and compliance
 - Prepayment flexibility
- Proposals requested from placement agents and bond counsel firms known for their experience with assessment districts and private placements

Placement Agent Selection



- Requested three quotes:
 - Hilltop Securities - \$15,000 (formal proposal)
 - Oppenheimer - \$20,000 (formal proposal)
 - Stifel – \$25,000+ (over the phone quote)
- Hilltop and Oppenheimer handle most private placement financings in California
- Both firms have strong experience in assessment district financings

Bond Counsel Selection



- Requested three quotes:
 - Jones Hall - \$27,500 (formal proposal)
 - Stradling - \$30,000 + \$1,000 if travel required (formal proposal)
 - Lazano Smith – did not feel that they would be competitive for private placement
- Jones Hall and Stradling both have strong experience in private placement financings in California
- Both firms have strong experience in assessment district financings

Next Steps



- Today – Engage financing team
- Consultation with bond counsel on prepayment options for home-owners
- February 2025 – Distribute RFP to banks
- March 2025 – Select bank
- April 2025 – Close the financing

Questions?



Dmitry Semenov

Ridgeline Municipal Strategies, LLC

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RidgelineMuni.com



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

**Resolution Regarding Approval of Contract with Ridgeline Municipal Strategies, LLC for
Municipal Advisory Services**

RESOLUTION No. 2024-08

WHEREAS, the Pajaro Dunes Geologic Hazard Abatement District (Pajaro Dunes GHAD) on July 27th, 2024 did certify the approval of a new assessment for the financing of the Pajaro Dunes Seawall Maintenance Project (Project); and

WHEREAS, the Pajaro Dunes GHAD will levy those assessments for the Fiscal Years from 2024 and up to 2035, pending final costs of the Project; and

WHEREAS, the Pajaro Dunes GHAD desires to enter into an agreement for the retention of a firm to act in an advisory capacity to obtain and execute financing for the costs associated with the completion of the Project; and

WHEREAS, the services to be provided are outlined in “Ridgeline Municipal Strategies, LLC Agreement for Municipal Advisory Services” attached hereto as Exhibit “1”, inclusive of Exhibit “A”-scope of work and Exhibit “B”-compensation for services and accepts Appendix “C” as satisfying the Pajaro Dunes GHAD’s conflict of interest code.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Pajaro Dunes GHAD hereby approves the contract contained in Exhibit “1” of this Resolution as to substantial form and content, and after final approval by District Counsel, authorizes and instructs the Board President to execute the same and instructs the District Clerk to file a copy of the document in the official records of the District.

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 5th day of October, 2024 by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSENT: Directors _____

ABSTAIN: Directors _____

John Cullen, President, Board of Directors

ATTEST: _____
Sarah Mansergh, Clerk of the Board

Exhibit "1"
RIDGELINE MUNICIPAL STRATEGIES, LLC
AGREEMENT FOR MUNICIPAL ADVISORY SERVICES

THIS AGREEMENT (the "Agreement"), made and entered into this ___ day of _____ 2024, by and between the Pajaro Dunes Geological Hazard Abatement District, a public agency organized and operating under the laws of the State of California, with its principal place of business at 2661 Beach Rd. Building #1, Wastonville, CA 95076 (the "Client"), and Ridgeline Municipal Strategies, LLC, a California Limited Liability Company, with its principal place of business at 2213 Plaza Drive, Rocklin, CA 95765 ("Ridgeline"), sets forth the terms and conditions under which Ridgeline shall provide municipal advisory and consulting services to the Client.

WHEREAS, the Client wishes to obtain the services of a municipal advisor on an exclusive basis to assist in the issuance of certain debt obligations (the "Debt Obligations") for the purpose of financing the Pajaro Dunes Seawall Maintenance and Repair Project (the "Project"); and

WHEREAS, Ridgeline is duly licensed and has the necessary qualifications, experience, and personnel necessary to properly provide the Scope of Services;

WHEREAS, the Client desires to retain Ridgeline to provide the Scope of Services; and

WHEREAS, the President of the Board of Directors of the Client is authorized to enter into this Agreement on behalf of the Client; and

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and intending to be legally bound hereby, the Client and Ridgeline agree as follows:

SECTION I. SCOPE OF SERVICES

- A. Ridgeline shall provide the services described in Exhibit A to this Agreement (hereinafter referred to interchangeably as the "Services" or "Scope of Services"). Any material changes in or additions to the Scope of Services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Agreement. The Client acknowledges and agrees that some of the individual tasks listed in Exhibit A may not be applicable. Services provided by Ridgeline which are not specifically referenced in the Scope of Services shall be completed as agreed in writing in advance between the Client and Ridgeline. Upon request of the

Client, Ridgeline may agree to additional services to be provided by Ridgeline by a separate agreement between the Client and Ridgeline.

- B. Ridgeline shall perform all such work with skill and diligence and pursuant to generally accepted standards of practice in effect at the time of performance. Ridgeline shall provide corrective services without charge to the Client for work which fails to meet these standards and which is reported to Ridgeline in writing within sixty (60) days of discovery.
- C. The Client shall cooperate with Ridgeline and will furnish all information, data, records, and reports existing and available to the Client to enable Ridgeline to carry out work outlined in the Scope of Services. Ridgeline shall be entitled to reasonably rely on information, data, records, and reports furnished by the Client, however, the Client makes no warranty as to the accuracy or completeness of any such information, data, records, or reports available to it and provided to Ridgeline which were furnished to the Client by a third party. Ridgeline shall have a duty to bring to the Client's attention any deficiency or error it may discover in any information provided to Ridgeline by the Client or a third party.
- D. Ridgeline shall, at its sole cost and expense, furnish all facilities and equipment that may be required for providing Services pursuant to this Agreement. The Client shall furnish to Ridgeline no facilities or equipment, unless the Client otherwise agrees in writing to provide the same.

SECTION II. WORK SCHEDULE

The services of Ridgeline are to commence as soon as practicable after the execution of this Agreement. Ridgeline shall thereafter diligently perform the Services through to completion unless otherwise directed by the Client or unless earlier terminated.

SECTION III. REGISTERED MUNICIPAL ADVISOR; REQUIRED DISCLOSURES

- A. Ridgeline is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. This Agreement designates Ridgeline as the Client's independent registered municipal advisor ("IRMA") with regard to the attached Scope of Services for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA Exemption"). Ridgeline shall not be responsible for, or have any liability in connection with, verifying that Ridgeline is independent from any other party seeking to rely on the IRMA Exemption (as

such independent status is required pursuant to the IRMA Exemption, as interpreted from time to time by the SEC). The Client acknowledges and agrees that any reference to Ridgeline, its personnel, and its role as IRMA, including in the written representation of the Client required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by Ridgeline. The Client further agrees not to represent that Ridgeline is the Client's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the attached Scope of Services or without Ridgeline's prior written consent.

- B. MSRB Rule G-42 requires that municipal advisors make written disclosures to its clients of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in Ridgeline's Disclosure Statement delivered to the Client together with this Agreement as Exhibit C.

SECTION IV. COMPENSATION

For the Services provided under this Agreement, Ridgeline's professional fees shall be paid as provided in Exhibit B to this Agreement. Any services which are not included in the Scope of Services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.

SECTION V. TERM AND TERMINATION

- A. Unless otherwise provided, the term of this Agreement shall begin on the date of its full execution and shall expire on **June 30, 2026**, unless extended by amendment or terminated earlier as provided herein.
- B. The Client may suspend this Agreement and Ridgeline's performance of the Services, wholly or in part, for such period as it deems necessary in the Client's sole discretion. Ridgeline will be paid for satisfactory services performed through the date of suspension.
- C. If Ridgeline at any time refuses or neglects to perform its Services in a timely fashion or in accordance with the schedule identified in Exhibit A, or is declared bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without Client's consent, or fails to make prompt payment to persons furnishing labor, equipment, materials or services, or fails in any respect to properly and diligently perform its Services, or otherwise fails to perform fully any and all of the Agreements herein contained, this Agreement shall be terminated.

- D. If Ridgeline fails to cure the default within seven (7) days after written notice from the Client, the Client may, at its sole option, demand possession of any documents or other materials (in paper and electronic form) prepared or used by Ridgeline in connection with the provision of Services and (a) provide any such work, labor, materials or services as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to Ridgeline under this Agreement; or (b) terminate this Agreement.
- E. This Agreement and all Services to be rendered under it may be terminated upon fifteen (15) days written notice from either party, with or without cause. In the event Client elects to terminate this Agreement, Ridgeline shall be paid for all services rendered, unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. This continuing right to receive full compensation shall survive the term of this Agreement.

SECTION VI. ASSIGNMENT

Ridgeline shall not assign any interest in this Agreement without the prior written consent of the Client.

SECTION VII. INFORMATION TO BE FURNISHED TO AND BY RIDGELINE

- A. All information, data, reports, and records (“Data”) in the possession of the Client or any third party agent to the Client necessary for carrying out any services to be performed under this Agreement shall be furnished to Ridgeline, and the Client shall cause its agent(s) to cooperate with Ridgeline in its conduct of reasonable due diligence in performing the services, including with respect to the facts that are necessary in its recommendation(s) to the Client in connection with a municipal securities transaction or municipal financial product and/or relevant to the Client’s determination whether to proceed with a course of action.
- B. Unless otherwise provided for herein, all documents, materials, data, computer data files, basis for calculations, and reports originated and prepared by Ridgeline under this Agreement shall be and remain the property of the Client for its use in any manner it deems appropriate. Ridgeline agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in the Client and waives and relinquishes all claims to copyright or intellectual property rights in favor of the Client. Ridgeline shall deliver the work product to the Client in the PDF format electronically. Ridgeline shall use all reasonable efforts to ensure that any electronic files provided to the Client will be compatible with the Client's

current computer hardware and software. Ridgeline makes no representation as to long-term compatibility, usability or readability of the format resulting from the use of software application packages, operating systems or computer hardware differing from those in use by the Client at the commencement of this Agreement. Ridgeline shall be permitted to maintain copies of all such data for its files. The Client acknowledges that its use of the work product is limited to the purposes contemplated by the Scope of Services and, should the Client use these products or data in connection with additions to the work required under this Agreement or for new work without consultation with and without additional compensation to Ridgeline, Ridgeline makes no representation as to the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services and shall have no liability or responsibility whatsoever in connection with such use which shall be at the Client's sole risk. Any and all liability arising out of changes made by the Client to Ridgeline's deliverables is waived against Ridgeline unless the Client has given Ridgeline prior written notice of the changes and has received Ridgeline's written consent to such changes.

- C. To the extent the Client requests that Ridgeline provide advice with regard to any recommendation made by a third party, the Client will provide to Ridgeline written direction to do so as well as any Data it has received from such third party relating to its recommendation. The Client acknowledges and agrees that while Ridgeline is relying on the Data in connection with its provision of the services under this Agreement, Ridgeline makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.
- D. In the course of performing services under this Agreement Ridgeline may obtain, receive, and review confidential or proprietary documents, information or materials that are and shall remain the exclusive property of the Client. Should Ridgeline undertake the work on behalf of other agencies, entities, firms or persons relating to the matters described in the Scope of Services, it is expressly agreed by Ridgeline that any such confidential or proprietary information or materials shall not be provided or disclosed in any manner to any of the Ridgeline's other clients, or to any other third party, without the Client's prior express written consent.

SECTION VIII. NOTICES

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended,

at the designated below. The parties designate the following as the respective places for giving notice, to wit:

PAJARO DUNES GEOLOGICAL HAZARD ABATEMENT DISTRICT

2661 Beach Rd. Building #1,

Wastonville, CA 95076

Attention: **President of the Board**

RIDGELINE MUNICIPAL STRATEGIES, LLC

2213 Plaza Drive

Rocklin, CA 95765

Attention: Dmitry Semenov

SECTION IX. LIMITATION OF LIABILITY

Except to the extent caused by willful misconduct, bad faith, gross negligence, or reckless disregard of obligations or duties under this Agreement on the part of Ridgeline or any of its associated persons, neither Ridgeline nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from the Client's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of Ridgeline or any of its associated persons, upon any advice or recommendation provided by Ridgeline to the Client.

SECTION X. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY

- A. Ridgeline, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of the Client by virtue of this Agreement or any actions or services rendered under this Agreement. This Agreement shall not be construed as an agreement for employment. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy, or claim under or in respect of this Agreement or any provisions contained herein.
- B. Ridgeline acknowledges that Ridgeline: (a) is free from the control and direction of the Client in connection with the performance of the Services; (b) performs Services outside the usual course of the Client's business; and (c) is customarily engaged in an independently established trade, occupation, or business of the

same nature as Ridgeline performs for the Client, and has the option to perform such work for other entities. Ridgeline shall have no authority to contract for or otherwise bind the Client.

SECTION XI. DISPUTE RESOLUTION

- A. If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. If the dispute is not resolved by meeting and conferring, the matter shall be submitted for formal mediation to a mediator selected mutually by the parties. The expenses of such mediation shall be shared equally between the parties. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrator shall be binding, unless within thirty (30) days after issuance of the arbitrator's written decision, any party files an action in court. Venue and jurisdiction for any such action between the parties shall lie in the Superior Court for the County of Santa Cruz.
- B. In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

SECTION XII. ELECTRONIC DELIVERY OF DOCUMENTS

The Client agrees that delivery of information and documents shall be in a manner acceptable to Ridgeline, and the Client agrees and acknowledges that delivery shall normally be via electronic means, including, but not limited to, an emailed hyper-link to the email address provided to Ridgeline by the Client. The Client hereby consents to such electronic delivery of all documents and information required pursuant to this Agreement, acknowledges that this form of electronic delivery constitutes delivery to the Client of the information linked thereto or contained therein and agrees and acknowledges that: (a) the Client's consent to electronic delivery means that the Client will receive an email that contains either a hyper-link that will connect the Client to the relevant information on a particular web page of Ridgeline's website or a web site of a third-party or an attachment, such as a PDF file or other document; (b) the Client has access to this media and the ability to print and/or download the information provided thereby; (c) the Client will update the Client's electronic contact information immediately

if the Client's email address changes; (d) the Client agrees to maintain a working and operational email address and a computer system that is able to accept and incorporate then-current standards of communication; and (e) the Client's consent to electronic delivery, as described herein, is valid until the Client effectively revokes such consent. Occasional requests for paper documents will not trigger revocation. The Client may revoke such consent to electronic delivery at any time by providing written notice to Ridgeline.

SECTION XIII. APPLICABLE LAW

This Agreement shall be construed, enforced, and administered according to the laws of the State of California. Ridgeline and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

SECTION XIV. ENTIRE AGREEMENT; SEVERABILITY

This Agreement represents the entire agreement between the Client and Ridgeline and may not be amended or modified except in writing signed by both parties. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

SECTION XV. EXECUTION; COUNTERPARTS

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

[Signature Page to Follow on Next Page]

IN WITNESS THEREOF, the Client and Ridgeline have executed this Agreement as of the day and year herein above written.

PAJARO DUNES GEOLOGICAL HAZARD ABATEMENT DISTRICT

By: _____

Name: John Cullen

Title: Board President

RIDGELINE MUNICIPAL STRATEGIES, LLC

By: _____

Name: Dmitry Semenov

Title: Principal

EXHIBIT A SCOPE OF SERVICES

Task 1: Municipal Advisory Services for Issuance of Debt Obligations

- *Financing Team.* Assist with selection of financing team members (bond counsel, underwriter / placement agent, trustee, credit rating agency, bond insurer, etc., as applicable).
- *Financing Schedule.* Manage the financing process and coordinate activities of financing team members. Prepare a schedule of activities and ensure the financing is completed in a timely manner.
- *Method of Sale, Timing, Sizing and Structure of Debt Obligations.* Develop the financing plan for the Debt Obligations including timing, sizing, and structure.
 - *Method of Sale.* Advise as to the appropriate method of sale for the Debt Obligations.
 - *Preparation of Lender Request for Proposals.* Assist with the preparation and distribution of Request for Proposals to banks and analyze the responses of the responding banks, if applicable.
 - *Preparation of Official Statement.* Assist the Client and disclosure counsel with the preparation of the Official Statement and review the Official Statement, if applicable.
 - *Timing of Issues.* Advise on the timing for each series of Debt Obligations based on historical and projected revenues and expenses, market interest rates, and other factors.
 - *Sizing of Issues.* Advise on the sizing of the Debt Obligations based on the nature of the financing, federal tax law limitations, state regulatory restrictions, targeted rates, goals of the financing program, and other matters.
 - *Structure of Debt Obligations.* Advise on the repayment structure of the Debt Obligations based on targeted rates, impact on interest costs, prudent debt management practices, and other considerations.
- *Rating Agency Preparation.* Develop the rating strategy and prepare the credit rating agency presentation to optimize the credit rating assigned to the Debt Obligations, if applicable.
- *Credit Enhancement Support.* Assist with the evaluation of credit enhancement options, including bond insurance and letter of credit, if applicable.
- *Lender Due Diligence Assistance.* Assist the Client in providing due diligence information requested by lenders, if applicable.

- *Authorizing Documentation.* Provide bond counsel with information necessary for the preparation of authorizing documentation. Review authorizing documentation before approval.
- *Pricing Strategy.* Assist the Client throughout the sale preparation and negotiation process:
 - Perform market conditions monitoring.
 - Advise the Client on the propriety of the Underwriter's or Placement Agent's proposed pricing and compensation relative to the current market conditions.
 - Negotiate to obtain the lowest rates and costs for the Debt Obligations.
 - Prepare pricing analysis of proposed financing alternatives.
 - Provide quantitative schedules showing the final pricing results.
- *Closing Process.* Prepare closing memorandum, review closing documents, and assist in the closing of the transaction.

COST IS THE RESPONSIBILITY OF THE CLIENT

The Client understands that there are program costs that are required for completion of the Debt Obligations that shall be the responsibility of the Client. These may include the fees of placement agents, accountants, trustees, bond and disclosure counsel and other third parties, the underwriter's discount, the cost of printing and distributing the Official Statements, notices, insurance, title reports, rating services, bond insurance, etc. The services of these third parties and their costs are not covered by this Agreement.

EXHIBIT B
COMPENSATION FOR SERVICES

For the Services described in **Task 1 (Municipal Advisory Services for Issuance of Debt Obligations)**, Ridgeline will be paid a flat fee of **\$28,500**. This fee assumes that the Debt Obligations will be sold as a private placement.

The fee amount covers all direct and travel expenses, if any.

The fee is contingent upon financing closing and due at work completion, with the invoice payable at transaction closing from the financing proceeds.

If there are material changes to the Scope of Services or method of sale, a revised budget may be negotiated by a mutual written agreement.

APPENDIX C
DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION
RIDGELINE MUNICIPAL STRATEGIES, LLC

I. Introduction

Ridgeline Municipal Strategies, LLC (hereinafter, referred to as “Ridgeline”) is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2.

The MSRB is the primary rulemaking body for the municipal securities industry in general and municipal advisors in particular. Their website can be accessed at www.msrb.org. The website includes, among other things, the municipal advisory client brochure, which describes protections that are provided by the MSRB’s rules and the process for filing complaints with appropriate regulatory authorities. The municipal advisory client brochure can be accessed at:

<http://www.msrb.org/~media/Files/Resources/MSRB-MA-Clients-Brochure.ashx?la=en>.

In accordance with MSRB rules, this disclosure statement is provided by us to each client prior to the execution of our advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c)(ii). Ridgeline employs a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

Fiduciary Duty

Ridgeline has a fiduciary duty to the Client and must provide both a Duty of Care and a Duty of Loyalty that includes the following.

Duty of Care:

- Exercise due care in performing its municipal advisory activities;
- Possess the degree of knowledge and expertise needed to provide the Client with informed advice;
- Make a reasonable inquiry as to the facts that are relevant to the Client’s determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Client; and,
- Undertake a reasonable investigation to determine that we are not providing any recommendations on materially inaccurate or incomplete information.
- We must have a reasonable basis for:
 - Any advice provided to or on behalf of the Client;
 - Any representations made in a certificate that we sign that will be reasonably foreseeably relied upon by the Client, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Client’s securities; and,
 - Any information provided to the Client or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

We must deal honestly and with the utmost good faith with the Client and act in the Client's best interests without regard to the financial or other interests of Ridgeline. We will eliminate or provide full and fair disclosure (included herein) to the Client about each material conflict of interest (as applicable). We will not engage in municipal advisory activities with the Client, as a municipal entity, if we cannot manage or mitigate our conflicts in a manner that permits us to act in the Client's best interest.

How We Identify and Manage Conflicts of Interest

Code of Ethics. Ridgeline requires all of its employees to conduct all aspects of our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee's independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and our clients.

Policies and Procedures. Ridgeline has adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allow us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to our analysis of potential conflicts of interest.

Supervisory Structure. Ridgeline has both a compliance and supervisory structure in place that enables us to identify and monitor employees' activities, both on a transaction and firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client's interests, the proposed engagement, our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows us to evaluate any situations that may be an actual or potential conflict of interest.

Disclosures. Ridgeline will disclose to clients those situations that it believes would create a material conflict of interest, such as:

- 1) any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work of Ridgeline;
- 2) any payment made to obtain or retain a municipal advisory engagement with a client;
- 3) any fee-splitting arrangement with any provider of an investment or services to a client;
- 4) any conflict that may arise from the type of compensation arrangement we may have with a client; and
- 5) any other actual or potential situation that Ridgeline is or becomes aware of that might constitute a material conflict of interest that could reasonably be expected to impair our ability to provide advice to or on behalf of clients consistent with regulatory requirements.

If Ridgeline identifies such situations or circumstances, we will prepare meaningful disclosure describing the implications of the situation and how we intend to manage the situation. Ridgeline will also disclose any legal or disciplinary events that are material to a client's evaluation or the integrity of our management or advisory personnel. Ridgeline will provide this disclosure (or a means to access this information) in writing prior to starting our proposed engagement, and will provide such additional information or clarification as the client may request. Ridgeline will also advise clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, its plan to manage that situation, and any additional information such client may require.

II. General Conflict of Interest Disclosures

Disclosure of Conflicts Concerning the Firm's Affiliates

Ridgeline does not have any affiliates that provide any advice, service, or product to or on behalf of the Client that is directly or indirectly related to the municipal advisory activities to be performed by Ridgeline.

Disclosure of Conflicts Related to the Firm's Compensation

Ridgeline has not made any payments directly or indirectly to obtain or retain the Client's municipal advisory business.

Ridgeline has not received any payments from third parties to enlist Ridgeline's recommendation to the Client of its services, any municipal securities transaction or any municipal finance product.

Ridgeline has not engaged in any fee-splitting arrangements involving Ridgeline and any provider of investments or services to the Client.

From time to time, Ridgeline may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary in the municipal securities market, it may be deemed to present a conflict of interest since we may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, Ridgeline may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest if the transaction ultimately requires less work than contemplated and we are perceived as recommending a more economically friendly pay arrangement. Finally, Ridgeline may contract with clients on an hourly fee basis. If Ridgeline and the client do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as we would not have a financial incentive to recommend an alternative that would result in fewer hours. Ridgeline manages and mitigates all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives, and financial circumstances.

Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients

Ridgeline regularly provides financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees our engagement with any other particular client as a conflict, we will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes a "firewall" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, we will withdraw from the engagement.

Disclosure Related to Legal and Disciplinary Events

As registered municipal advisors with the SEC and the MSRB, pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, our legal, disciplinary and judicial events are required to be disclosed on our forms MA and MA-I filed with the SEC, in 'Item 9 Disclosure Information' of form MA, 'Item 6 Disclosure Information' of form MA-I, and if applicable, the corresponding disclosure reporting page(s). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically access Ridgeline filed forms MA and MA-I on the SEC's Electronic Data Gathering, Analysis, and Retrieval system, listed by date of filing starting with the most recently filed at www.sec.gov/edgar/searchedgar/companysearch.html.

Ridgeline does not have any legal or disciplinary events or disciplinary history on its Form MA and Form(s) MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgements, liens, civil judicial actions, customer complaints, arbitrations, and civil litigation. There have been no material changes to a legal or disciplinary event disclosure on any form MA or Form MA-I filed with the SEC.

Disclosure Related to Recommendations

If Ridgeline makes a recommendation of a municipal securities transaction or municipal financial product or it the review of a recommendation of another party is requested in writing by the Client and is within the scope of the engagement, Ridgeline will determine, based on the information obtained through reasonable diligence of Ridgeline whether a municipal securities transaction or municipal financial product is suitable for the Client. In addition, Ridgeline will inform the Client of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Ridgeline reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Client; and,
- whether Ridgeline has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Client's objectives.

If the Client elects a course of action that is independent of or contrary to the advice provided by Ridgeline, Ridgeline is not required on that basis to disengage from providing services to the Client.

Disclosure Related to Record Retention

Pursuant to the SEC record retention regulations, Ridgeline is required to maintain in writing, all communications and created documents between Ridgeline and the Client for five (5) years.

III. Specific Conflicts of Interest Disclosures - Client

To our knowledge, following reasonable inquiry, as of the commencement of the Scope of Services, we are not aware of any actual or potential conflict of interest that could reasonably be anticipated to impair our ability to provide advice to or on behalf of the Client in accordance with applicable standards of conduct of MSRB Rule G-42. If we become aware of any potential conflict of interest that arises after this disclosure, we will disclose the detailed information in writing to the Client in a timely manner.

Ridgeline does not act as principal in any of the transactions related to its role / work on the Scope of Services.

Ridgeline does not have any other engagements or relationships that might impair Ridgeline's ability to either render unbiased and competent advice to or on behalf of the Client, or to fulfill our fiduciary duty to the Client, as applicable.

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

**Resolution Regarding Approval of Retention of Bond Counsel for Capital Financing of the
Pajaro Dunes Seawall Maintenance Project**

RESOLUTION No. 2024-09

WHEREAS, the Pajaro Dunes Geologic Hazard Abatement District (Pajaro Dunes GHAD) on July 27th, 2024 did certify the approval of a new assessment for the financing of the Pajaro Dunes Seawall Maintenance Project (Project); and

WHEREAS, the Pajaro Dunes GHAD will levy those assessments for the Fiscal Years from 2024 and up to 2035, pending final costs of the Project; and

WHEREAS, the Pajaro Dunes GHAD desires to enter into an agreement for the retention of a firm to act as bond counsel while obtaining capital financing to cover Project costs; and

WHEREAS, the services will include providing legal and tax advising for the issuance of said financing.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Pajaro Dunes GHAD hereby approves the retention of bond counsel in an amount not to exceed \$35,000 and after review and final approval of the services agreement by District Counsel, instructs the District Clerk to file a copy of the document in the official records of the District.

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 5th day of October, 2024 by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSENT: Directors _____

ABSTAIN: Directors _____

John Cullen, President, Board of Directors

ATTEST: _____
Sarah Mansergh, Clerk of the Board



August 29, 2024

475 Sansome Street
Suite 1700
San Francisco, CA 94111
t. 415.391.5780
f. 415.276.2088

VIA EMAIL PDF

Pajaro Dunes Geohazard Abatement District
c/o Dmitry Semenov, Principal
Ridgeline Municipal Strategies, LLC
Email: dsemenov@ridgelinemuni.com

Re: Pajaro Dunes Geohazard Abatement District
Scope of Work, Assigned Personnel and Fee Estimate for
Assessment District Bond Financing

Thank you for letting us know the District recently completed assessment proceedings for the “Pajaro Dunes Seawall Maintenance and Repair Plans Project,” and is undertaking an RFP process to hire a Bond Counsel firm to assist with a private placement bond issuance related thereto. We are delighted to provide a scope of work and fee quote to serve as Bond Counsel to the District on this important financing.

Scope of Work

We are very familiar with assessment district financings, and pride ourselves on being one of the leading land-secured financing Bond Counsel firms in the State. Over the last 3 years (since January 1, 2021), Jones Hall has closed 100+ community facilities district financings (\$1+ billion par amount) and 15 assessment district financings (\$300 million par amount).

We would prepare all necessary resolutions, a fiscal agent agreement and related documents required for the issuance, sale and delivery of assessment district bonds to a private placement purchaser. We have already reviewed the Official Statement for the \$1,9800,000 limited obligation improvement bonds issued by the District in 2005, which has provided us information concerning the District. If hired, we would carefully review the Engineer’s Report prepared by Haley Aldrich and other pertinent documents and prior approvals related to the seawall project being financed.

Assigned Personnel

The following personnel would be assigned to the financing.

James A. Wawrzyniak, Jr. James Wawrzyniak represents special districts, cities and school districts throughout California in municipal financing transactions. His particular expertise is with land-secured financings, utility financings (including water, wastewater and electric system transactions), and general fund financings. Prior to joining Jones Hall, Mr. Wawrzyniak represented corporate and non-profit clients in a variety of financing and other corporate transactions at law firms in San Francisco, Washington, D.C. and New York City. He received his J.D. from Harvard Law School, cum laude, and his B.A. in Economics from Georgetown University, summa cum laude.



JONES HALL

David T. Fama. Dave Fama has over 30 years' experience as bond counsel, disclosure counsel and underwriter's counsel in financings that include Mello-Roos CFD financings, assessment district financings, enterprise fund financings and general fund financings, tax allocation bonds, General Obligation bonds, and 501(c)(3) financings, representing cities, counties, school districts and other special districts throughout the State. His expertise is spread among bond counsel and disclosure counsel work in many diverse areas, with especially extensive experience in CFD and assessment district matters, pooled financings, conduit financings redevelopment and joint powers authorities. He received his J.D. from Pepperdine University School of Law and his undergraduate degree from the University of Santa Clara.

Eorl Carlson (Tax Partner). Mr. Carlson is the firm's dedicated tax partner, and would assist with all of the federal tax law aspects of the financing on an as-needed basis. He is highly regarded in the Section 103 tax-exempt municipal bond industry.

Fee Estimate

Jones Hall's fees are based on quantitative factors such as the par amount of the proposed financing (which helps quantify our risk exposure), and qualitative factors such as the amount of the work and complexity of the financing. Assuming a bond par amount of approximately \$2.5 million, privately placed with a single lender in the first half of 2025, our fee would be \$27,500. This fee would be 100% contingent on the successful closing of the financing.

We appreciate the opportunity to assist the District with this important financing. If we can answer any questions, please do not hesitate to reach out.

Very truly yours,

James A. Wawrzyniak, Jr.

David T. Fama



Stradling Yocca Carlson & Rauth LLP
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660-6422
949 725 4000
stradlinglaw.com

Reed T.C. Glyer
949 725 4027
rglyer@stradlinglaw.com

August 28, 2024

Dmitry Semenov
Ridgeline Municipal Strategies, LLC
2213 Plaza Drive
Rocklin, CA 95765

Re: Response to Request for Proposals to Serve as Bond Counsel to Pajaro Dunes Geologic Hazard Abatement District (the "District")

Dear Mr. Semenov:

Thank you for presenting us with the opportunity to respond to the District's Request for Proposals ("RFP") seeking a Bond Counsel for its upcoming seawall financing. Upon review of the Engineer's Report and the District's agendas, minutes and resolutions, it appears that the financing will be secured by an assessment to be levied within Zone 1 of the District. My Firm, Stradling Yocca Carlson & Rauth, and myself in particular, have significant experience with assessment related financings, having served as bond counsel and /or disclosure counsel on at least 10 assessment financings within the past 5 years.

We have researched the potential financing of the seawall, and have determined that it can likely be done on a tax-exempt basis. As a private placement, the District can either issue a bond to a private lender, through the use of a fiscal agent, or may be able to enter into a loan agreement directly with the private lender, depending on what provisions of the Improvement Act of 1911 and Municipal Improvement Act of 1913 were used to levy the assessment. The District can decide later which path it wants to go down, but no matter what structure the District selects, we would be happy to assist and serve as Bond Counsel for the financing. We propose a fee of \$30,000 to serve as Bond Counsel, together with a not to exceed cap of \$1,000 for costs.

Thank you very much for inviting us to submit our response to the District's RFP. Should you have any questions, or require any additional information with respect to our Proposal, please do not hesitate to contact me.

Sincerely,

STRADLING YOCCA CARLSON & RAUTH LLP

Reed Glyer
Partner

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

**Resolution Regarding Approval of Retention of Placement Agent for Capital Financing of
the Pajaro Dunes Seawall Maintenance Project**

RESOLUTION No. 2024-10

WHEREAS, the Pajaro Dunes Geologic Hazard Abatement District (Pajaro Dunes GHAD) on July 27th, 2024 did certify the approval of a new assessment for the financing of the Pajaro Dunes Seawall Maintenance Project (Project); and

WHEREAS, the Pajaro Dunes GHAD will levy those assessments for the Fiscal Years from 2024 and up to 2035, pending final costs of the Project; and

WHEREAS, the Pajaro Dunes GHAD desires to enter into an agreement for the retention of a firm to act as a placement agent in order to obtain capital financing to cover the Project costs; and

WHEREAS, the services will include identifying and vetting an appropriate lending agency for said financing including issuing and reviewing Lender Requests for Proposals.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of the Pajaro Dunes GHAD hereby approves the retention of a placement agent in an amount not to exceed \$25,000 and after review and final approval of the services agreement by District Counsel, authorizes and instructs the Board President to execute the same and instructs the District Clerk to file a copy of the document in the official records of the District.

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 5th day of October, 2024 by the following vote:

AYES: Directors _____

NOES: Directors _____

ABSENT: Directors _____

ABSTAIN: Directors _____

John Cullen, President, Board of Directors

ATTEST: _____
Sarah Mansergh, Clerk of the Board

Fee Proposal

Placement Agent Services

Pajaro Dunes Geologic Hazard Abatement District 2025 Direct Placement Financing

Presented To:



**PAJARO DUNES GEOLOGIC
HAZARD ABATEMENT DISTRICT**

Pajaro Dunes Geologic Hazard Abatement District
2661 Beach Rd. Building #1
Watsonville, CA 95076

Presented By:



Oppenheimer & Co. Inc.
135 Main Street, Suite 1700
San Francisco, CA 94105

Pajaro Dunes Geologic Hazard Abatement District

August 30, 2024

RE: Fee Proposal
 Dmitry Semenov, Ridgeline Municipal Strategies, LLC

Thank you for this opportunity to present our fee proposal to provide placement agent services to the Pajaro Dunes Geologic Hazard Abatement District (the “District”) for the financing of seawall improvements (the “Project”). Oppenheimer & Co. Inc. (“Oppenheimer” or “Firm”) is a leading global full-service brokerage and investment bank with roots that trace back to 1881. Our California presence dates back over 40 years and currently consists of 149 employees including 46 retail financial advisors who oversee \$4.7 billion of assets under management and \$7.7 billion of assets under administration.

With five offices in California, Oppenheimer is ideally suited to serve as placement agent to the District for the following reasons:

Top California Placement Agent: Based on statistics from the California Debt and Investment Advisory Commission (“CDIAC”), since 2015 our firm is one of the top placement agents in the State of California. In the last 20 years, we have developed strong, long-term relationships with a variety of private placement providers, opening a market for any municipal financing need. We utilize these relationships to stay current on our buyers’ fluid lending parameters. Some of these parameters include rate lock capability, and cost of funds fluctuations.

Experience with Assessment Districts: Oppenheimer has extensive experience working with assessment district financings. Our staff who will be working on this financing have over 30 years of placing and underwriting assessment district bonds, which are uncommon these days. We’ve been the underwriter for several assessment district bond issues for Santa Cruz County. Most recently, in May 2024 we underwrote \$9 million in assessment bonds for the City of Laguna Beach for the purpose of undergrounding utilities. We’ve also recently acted as placement agent for the Calaveras County Water District, City of Oakley, Town of Windsor, and the City of Morgan Hill on their respective assessment district financings.

Experience with Special Districts: Since 2019, Oppenheimer has closed 98 transactions for California special districts. Due to our vast experience with special districts, we have been a consultant to the California Special Districts Association (“CSDA”) Finance Corporation since 2014, serving as its underwriter and placement agent. We regularly serve CSDA members with their financing needs and provide informational and educational sessions on various financing topics.

Local Trust: Oppenheimer has a deep understanding of the surrounding area, having worked with many agencies in and around Santa Cruz County. These agencies include the City of Santa Cruz, Scotts Valley Water District, City of Watsonville, Santa Cruz City Schools District, Central Fire Protection District of Santa Cruz County, and the County itself, among several others.

Thank you for your consideration.



Rick Brandis, Managing Director

Placement Agent Experience

From 2020 to 2023, Oppenheimer served as placement agent on 148 direct purchase transactions. Please see table below for our direct placement productivity.

Year	Transactions
2023	19
2022	51
2021	41
2020	37

Approach

Ensuring the District has access to the entire direct placement market is paramount to achieve the best possible financing results. In order to accomplish this objective, our standard process for a direct placement transaction includes issuing a Lender Request for Proposal (“Lender RFP”) in order to maximize the District’s exposure. The Lender RFP is sent to select lenders of our pool of direct placement investors and includes, but is not limited to, background of the District, including economic and demographic information; background on the security of the contemplated financing; key terms of the proposed transaction; and relevant covenants and credit information of the assessment district itself.

We coordinate all communication with investors, including presenting the transaction, facilitating questions and requests, coordinating conference calls, if necessary, and obtaining bids in a timely manner that are complete and responsive to the District’s requests.

For lenders who respond, we request that they clearly present their understanding of the transaction and provide all the requested information. Most lenders prefer to have 10 to 14 days to respond so that they have time to do an internal credit analysis before submitting their proposal.

On the Lender RFP due date, we compile and summarize the responses, highlighting the proposed interest rates, bank fees, rate lock ability, prepayment provisions, lender counsel and other fees, and the proposal’s expiration date. We host a conference call with the financing team to discuss each proposal received and to provide some color regarding pros and cons of the proposals. We have found that the winning proposal doesn’t necessarily always mean the proposal with the lowest bid. There are many factors to consider when selecting a lender, so we find it beneficial to have a discussion after the proposals are received. The primary goal of issuing a Lender RFP is to obtain as many competitive bids as possible.

Cost Proposal

Oppenheimer’s placement agent fee will be \$20,000 for the District’s transaction. Our fee includes all expenses and is contingent upon closing.



Mike Cavanaugh

Managing Director
Public Finance

August 8, 2024

Electronic submission via email:

Dmitry Semenov
dsemenov@ridgelinemuni.com

Dmitry:

Hilltop Securities Inc. (“HilltopSecurities” or the “Firm”) is pleased to submit our qualifications to the Pajaro Dunes Geologic Hazard Abatement District (the “District”) to provide placement agent / broker dealer services for the District’s proposed issuance of \$2.5 million (preliminary) in tax-exempt assessment revenue bonds (the “Bonds”). HilltopSecurities is a full-service financial services firm providing investment banking, investment advisory, securities clearing, securities brokerage, and asset management services. When evaluating our qualifications for placement agent please consider:

Private Placement. The proposed HilltopSecurities financing team has been using private placements as an alternative to public offerings in California since January 2010. As we demonstrated for several issuers, placements can provide a more efficient and lower cost of borrowing than traditional public offerings, especially on financings with shorter final maturities (like yours). Since 2017, our California experience includes 179 financings totaling more than \$1.8 billion. We are always striving to find the lowest cost of capital for our clients and continue to search for more efficient alternatives. We have been hired to be underwriter but closed as bank placement in effort to get better terms for clients.

Year	Placement Agent	
	#	Par
2017	36	366,437,460
2018	22	349,426,660
2019	25	179,984,976
2020	38	412,814,973
2021	25	142,595,270
2022	25	167,044,262
2023	6	187,950,000
Totals	177	1,806,253,601

Commitment to Public Finance in California. HilltopSecurities traces its California roots back to 1966 with the opening of our Beverly Hills office. HilltopSecurities has been and remains committed to California. From January 1, 2017, through present, the Firm has participated in 424 transactions for

total par of more than \$28 billion. The Firm has been focused on growing our broader investment banking capabilities and added multiple bankers for UBS, Citi, Morgan Stanley, and other Wall Street firms.

Committed Team. No matter the resources that a firm has, the best way to truly know a financial market, both inside and out, is to be active in that market daily. When combining municipal advisory, competitive and negotiated underwriting and placements, HilltopSecurities' Public Finance has completed 4,770 transactions for over \$224 billion between 2019 and 2023. HilltopSecurities is in the market with 18 municipal bond issuances each week during this timeframe. This ranks HilltopSecurities as the #5 National Municipal Investment Bank. We will provide the District with an experienced team providing the highest level of service. We ensure our availability as well as accessibility and will work as a team with the District and other team members to ensure your financing needs are met. HilltopSecurities is well qualified to provide the District with the best quality of placement agent services. We commit our experience, personnel, and reputation to meet your needs.

#5 National Municipal Investment Bank (2019-23')	
Transactions	Par
4,770	\$224 Billion

PRIVATE PLACEMENT CAPABILITIES. A bank direct placement (“Placement”) has many advantages: i

- ✓ **Less staff time.** Placements do not require a rating or official statement, eliminating the need for the rating process and due diligence needed for an official statement that can take several hours of staff time.
- ✓ **Lower costs of issuance.** Simplified legal documents, no official statement, no rating, no underwriter’s discount, and other fees equate to less costs of issuance.
- ✓ **Faster bond closing.** Since placements are simplified from a legal standpoint, do not require a rating (a 3–5-week process) and are placed with one institution, it allows for a quicker closing.
- ✓ **Lock Rate.** Banks will lock their rates up to a month in advance. This will reduce market risk and lock in lowest cost of capital for District.
- ✓ **Drawdown.** Some banks will allow the borrower to only pay interest on the money that is drawdown. This could produce massive savings if money will be used over 12-18 months as opposed to all at once but the current short term re-investment rates provide a good alternative if such a structure is not available.

Since the final maturity of the proposed loan will be 10 years, there are many banks willing to bid on your loan. HilltopSecurities has a list of over 140 bank contacts from which to draw a target list, many are proprietary. This expensive list and our established relationship with said banks over the past 15 years provides benefits other firms do not possess and advantages the District can use to lower their costs of borrowing. While most Placements are done with banks, there are also certain institutional investors who have been active in the private market. HilltopSecurities will also canvas these potential purchasers of the District’s transaction.

HilltopSecurities proposes a fee of \$15,000 to serve as Placement Agent.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

MANAGEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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

We have audited the financial statements of the governmental activities and each major fund of the Pajaro Dunes Geologic Hazard Abatement District (the “District”) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned and scope and timing of our audit. We have communicated such information in our letter dated April 8, 2024. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District’s financial statements was:

- Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the District. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

For purposes of this letter, professional standards define significant audit adjustments as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). There are no adjustments detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 24, 2024.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. Our professional standards require a consulting accountant to check with us if a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements. This is to ensure that the consultant has all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings and Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedule I – Revenues and Expenditures by Zone – Budget to Actual, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods

of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This report is intended for the use of management, the Board of Trustees, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'Meredith J. [unclear]', written in a cursive style.

August 24, 2024

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Pajaro Dunes Geologic Hazard Abatement District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–9 and page 24 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule I (page 25) is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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, Schedule I is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to be 'M. J. [unclear]', written in a cursive style.

September 24, 2024

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

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, 2024. 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 provide a narrative of the District's financial performance and activities for the year ended June 30, 2024. 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 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

JUNE 30, 2024

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 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.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

Government-Wide Financial Analysis

Statements of Net Position (page 10)

Condensed Statements of Net Position

	<u>06/30/2024</u>	<u>06/30/2023</u>
ASSETS		
Current assets:	\$ 1,521,775	\$ 1,499,377
Capital assets, net of accumulated depreciation	<u>1,050,000</u>	<u>1,150,000</u>
Total assets	<u>2,571,775</u>	<u>2,649,377</u>
Deferred outflows of resources	<u>16,203</u>	<u>16,203</u>
	<u>\$ 2,587,978</u>	<u>\$ 2,665,580</u>
LIABILITIES		
Current liabilities	\$ 42,292	\$ 68,582
Non-current liabilities	<u>802,963</u>	<u>895,875</u>
Total liabilities	<u>845,255</u>	<u>964,457</u>
NET POSITION		
Net investment in capital assets	247,037	254,125
Restricted for debt service	144,825	144,825
Unrestricted	<u>1,350,861</u>	<u>1,302,173</u>
Total net position	<u>1,742,723</u>	<u>1,701,123</u>
	<u>\$ 2,587,978</u>	<u>\$ 2,665,580</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 and deferred outflows of the District exceeded liabilities by \$1,742,723, as of June 30, 2024. At June 30, 2024, the District reflected an accumulated balance in its unrestricted net position of \$1,350,861.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

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 \$16,203 and is recognized as a deferred outflow of resources on the Statement of Net Position. The agreement with Granite Rock expires December 31, 2032, at which point any unused rock is to be forfeited unless a new agreement is reached.

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

Condensed Statements of Activities and Changes in Net Position

	<u>06/30/2024</u>	<u>06/30/2023</u>
Expenses		
Hazard abatement program	\$ 220,466	\$ 259,322
Interest on long-term obligations	46,731	51,723
Depreciation	<u>100,000</u>	<u>100,000</u>
Total expenses	367,197	411,045
General Revenues	<u>408,798</u>	<u>375,468</u>
Change in net position	41,601	(35,577)
Net position - beginning of year	<u>1,701,122</u>	<u>1,736,700</u>
Net position - end of year	<u>\$ 1,742,723</u>	<u>\$ 1,701,123</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 \$41,601 during the current year.

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, 2024, the District's General Fund reported a fund balance of \$1,173,730. The fund balance is not available for future spending because it has already been reserved for specific provisions (page 12).

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2024

Financial Highlights

- The District’s general fund balance increased by \$62,568, from \$1,111,162 to \$1,173,730 (page 14).
- The District’s debt service fund balance decreased by \$15,559, from \$352,116 to \$336,557 (page 14).
- Assessment revenues of \$377,095 were above the prior year by \$12,886. The increase was due to higher assessments for operating activities.
- General fund operating expenses of \$220,467 (before depreciation) were below the prior reporting period by 15%, or \$38,855. The decrease is due primarily to a decrease in contract costs for technical consulting.

General Fund Budgetary Highlights

- Total revenues over expenditures for the District’s general fund operations were above budget by \$140,343. Actual assessment revenues were below budget by \$2,631.
- General fund operating expenses were below budget by \$114,421 or 34.17%. The underbudget variance is primarily due to anticipated technical consulting and seawall inspection costs, and accounting costs, that while budgeted, will occur in the next fiscal year.

Capital Asset Administration

Changes in capital assets for the year were as follows:

	Balance			Balance	
	June 30, 2023	Additions	Deletions	June 30, 2024	
Depreciable capital asset	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000	
Less accumulated depreciation	\$ (1,850,000)	\$ (100,000)	-	\$ (1,950,000)	
Total capital assets, net	<u>\$ 1,150,000</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ 1,050,000</u>	

At June 30, 2024, the District’s investment in capital assets amounted to \$1,050,000 (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.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2024

Debt Administration

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

Debt	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
2005 Long-term Debt Obligation Improvement Bonds	\$ 910,000	\$ -	\$ (95,000)	\$ 815,000

Future Plans

During 2023 the District developed preliminary permit application documents in the form of a 90% plan to Santa Cruz County (SCC). Our past plans have been developed in consultation with the County and provide the technical and construction details for seawall repair and maintenance. During CY 2023, the District continued meetings with governmental control agencies to further refine and clarify our plans with the end goal being submission of a 100% plan that is supported by partner agencies and provides the basis for permits. In addition to working towards plan finalization, planning for community education was another major component of our work efforts. GHAD seawall plans and approval process has been shared with members of the District and the Pajaro Dunes Homeowners Association.

In 2024, we will concentrate on plan approval, community education and conducting a 218 assessment election. Our Engineer of Record (EOR) and additional experts will assist us develop final plans and public education materials which will enable members to fully understand our maintenance project design, costs and timetable. The EOR will continue to communicate regularly with SCC and others to provide info and answer questions required for the issuance of necessary permits. This work effort will continue through 2024. Once preliminary approval of our plan and permit application is achieved, the District will focus on a 218-assessment election in 2024. The community education effort will inform our property owners of the final project details and construction costs of seawall repairs and maintenance. Members will have the opportunity to hear and discuss our plans and make informed decisions regarding the need for an assessment. The Board will also develop all of the documents required by Santa Cruz County for permit issuance, assessment certification, and homeowner voting.

Years of alternative analysis, control agency negotiations, and District capacity building has placed us at the doorstep of a seawall repair and maintenance approval. Once we achieve these County and homeowner authorizations, we will focus on the construction processes necessary to begin the needed seawall work.

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.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents, unrestricted	\$ 1,207,880
Cash and cash equivalents, restricted	144,825
Assessments receivable	155,088
Interest receivable	956
Prepaid expenses	<u>13,026</u>
Total current assets	<u>1,521,775</u>
Non-current assets	
Capital assets, net of accumulated depreciation	<u>1,050,000</u>
Total assets	<u>2,571,775</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources	<u>16,203</u>
Total deferred outflows of resources	<u>16,203</u>
LIABILITIES	
Current liabilities	
Accounts payable	27,691
Accrued interest	<u>14,601</u>
Total current liabilities	<u>42,292</u>
Non-current liabilities	
Long-term obligations - due within one year	100,000
Long-term obligations - due in more than one year, net of discount	<u>702,963</u>
Total noncurrent liabilities	<u>802,963</u>
Total liabilities	<u>845,255</u>
NET POSITION	
Net investment in capital assets	247,037
Restricted for debt service	144,825
Unrestricted	<u>1,350,861</u>
Total net position	<u>\$ 1,742,723</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION YEAR ENDED JUNE 30, 2024

			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Program Revenues	Total
FUNCTIONS/PROGRAMS			
Governmental activities:			
Hazard abatement program	\$ 220,466	\$ -	\$ (220,466)
Interest on long-term obligation	46,731	-	(46,731)
Depreciation	100,000	-	(100,000)
Total governmental activities	\$ 367,197	\$ -	(367,197)
General Revenues:			
Assesment income			377,095
Interest earnings			31,703
Total general revenues			408,798
Change in net position			41,601
Net position - beginning of year			1,701,122
Net position - end of year			\$ 1,742,723

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents, unrestricted	\$ 1,016,148	\$ 191,732	\$ 1,207,880
Cash and cash equivalents, restricted	-	144,825	144,825
Assessments receivable	155,088	-	155,088
Interest receivable	956	-	956
Prepaid expenses	<u>13,026</u>	<u>-</u>	<u>13,026</u>
Total assets	<u>1,185,218</u>	<u>336,557</u>	<u>1,521,775</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources	<u>16,203</u>	<u>-</u>	<u>16,203</u>
Total assets and deferred outflows of resources	<u>1,201,421</u>	<u>336,557</u>	<u>1,537,978</u>
LIABILITIES			
Accounts payable	<u>27,691</u>	<u>-</u>	<u>27,691</u>
Total liabilities	<u>27,691</u>	<u>-</u>	<u>27,691</u>
FUND BALANCES			
Fund balance - restricted for debt service	-	336,557	336,557
Fund balance - unassigned	<u>1,173,730</u>	<u>-</u>	<u>1,173,730</u>
Total fund balance	<u>1,173,730</u>	<u>336,557</u>	<u>1,510,287</u>
Total liabilities and fund balance	<u>\$ 1,201,421</u>	<u>\$ 336,557</u>	<u>\$ 1,537,978</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION YEAR ENDED JUNE 30, 2024

Total fund balances of governmental funds \$ 1,510,287

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. 1,050,000

Accrued interest on debt that will not be paid with current financial resources are not considered in the Governmental Funds Balance Sheet. (14,601)

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 (100,000)
Long-term obligations - due in more than one year (702,963)

Net position of governmental activities \$ 1,742,723

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Program revenues			
Assessment income	\$ 247,200	\$ 129,895	\$ 377,095
Interest income	31,703	-	31,703
Total revenues	<u>278,903</u>	<u>129,895</u>	<u>408,798</u>
Expenditures			
Insurance	17,739	-	17,739
Legal expense	18,480	-	18,480
Accounting	13,388	-	13,388
Clerk	8,258	-	8,258
Assessment administration	5,731	-	5,731
Office	2,792	-	2,792
Audit	9,535	-	9,535
Bond fee	740	-	740
Technical planning	47,917	-	47,917
Dues and fees	2,406	-	2,406
Training and education	625	-	625
Reimbursements:			
Pelican Homeowners Association	92,856	-	92,856
Debt service:			
Principal	-	95,000	95,000
Interest	-	46,322	46,322
Total expenditures	<u>220,467</u>	<u>141,322</u>	<u>361,789</u>
Excess (deficit) of revenue over/(under) expenditures	58,436	(11,427)	47,009
Other financing sources (uses)			
Operating transfer in	4,132	-	4,132
Operating transfer out	-	(4,132)	(4,132)
Total other financing sources (uses)	<u>4,132</u>	<u>(4,132)</u>	<u>-</u>
Net changes in fund balances	62,568	(15,559)	47,009
Fund Balances - beginning	<u>1,111,162</u>	<u>352,116</u>	<u>1,463,278</u>
Fund Balances - ending	<u>\$ 1,173,730</u>	<u>\$ 336,557</u>	<u>\$ 1,510,287</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL-WIDE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2024

Net change in fund balances of governmental funds \$ 47,009

Amounts reported for governmental activities in the Statement of Activities are different because:

Depreciation expense on capital assets is reported in the Government-Wide Statements 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 bond is not reported in Governmental Funds. 1,680

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 95,000

Change in net position of governmental activities \$ 41,601

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Pajaro Dunes Geologic Hazard Abatement District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

Reporting Entity

The Pajaro Dunes Geologic Hazard Abatement District (the District) is a California public agency formed on October 27, 1988, to help prevent, mitigate, abate, and control geological hazards. The District covers a large area of coastline near Watsonville in Santa Cruz County, CA. The District maintains two areas:

- Zone 1: The boundaries which are coterminous with the development known as Pajaro Dunes. In this zone the district maintains a rock revetment seawall.
- Zone 2: The boundaries which are coterminous with the Pelican Point Condominium Project. In this zone the district maintains a sheet pile river wall.

These structures are meant to reduce the amount of damage caused by 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).

Government-Wide Financial Statements:

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.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation: (Continued)

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.

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.

Fund financial statements display information about major funds individually and non-major funds in the aggregate for governmental funds. The District has two governmental funds and reports them as major governmental funds as follows:

Governmental Fund Type:

General Fund – The primary fund of the District is used to account for all revenue and expenditures of the District not legally restricted as to use.

Debt Service Fund – A debt service fund accounts for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Cash and Investments – Cash deposits consist of demand deposits with financial institutions and cash held by fiscal agent. All deposits of the District are made in board-designated official depositories and are secured by state law. The District may designate as an official depository any bank or savings and loan association. Also, the District may establish time deposit accounts such as money market accounts and certificates of deposit. The District considers all highly liquid investments to be cash equivalents.

Receivables – Billed but unpaid assessments are recorded as assessments receivable.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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, 2024.

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

Fund Balance – In the fund financial statements, governmental fund balance is made up of the following components:

- Non spendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District Board. The District Board has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the District Board for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the District's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the District's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Net Position – The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net position imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents the net position of the District, not restricted for any project or other purpose.

Budgets – The District's Board of Directors annually adopts the budget for the District. The 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, deferred outflows/inflows, and 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.

Note 2 – Cash and Cash Equivalents

The District maintains cash balances at one financial institution 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 YEAR ENDED JUNE 30, 2024

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 restricted 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.

Cash and cash equivalents as of June 30, 2024, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and cash equivalents, unrestricted	\$ 1,207,880
Cash and cash equivalents, restricted	144,825
Total cash and cash equivalents	<u>\$ 1,352,705</u>

Cash and cash equivalents as of June 30, 2024, consist of the following:

Deposits with financial institutions	<u>\$ 1,352,705</u>
Total cash and cash equivalents	<u>\$ 1,352,705</u>

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.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 3 – Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance			Balance
	June 30, 2023	Additions	Deletions	June 30, 2024
Riverwall	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Less accumulated depreciation	<u>(1,850,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(1,950,000)</u>
Total capital assets, net	<u>\$ 1,150,000</u>	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ 1,050,000</u>

Note 4 – Long-Term Obligations

Long-term obligations and the related current portion as of June 30, 2024, consist of the following:

Bonds:

2005 Limited Obligation Improvement Bonds, variable interest at 3.2% - 5.1%. Payable on March 2nd and September 2nd; final payment September 2, 2030	\$ 815,000
Less bond discount, net	(12,037)
Less current portion	<u>(100,000)</u>
	<u>\$ 702,963</u>

Changes in long-term obligations for the year ended June 30, 2024, are as follows:

Debt	Balance			Balance	Due Within One Year
	June 30, 2023	Additions	Reductions		
2005 Long-term Debt Obligation Improvement Bonds	<u>\$ 910,000</u>	<u>\$ -</u>	<u>\$ (95,000)</u>	<u>\$ 815,000</u>	<u>\$ 100,000</u>

Aggregate maturities or payments required on principal and interest for each of the succeeding seven years ending June 30 and thereafter, are as follows:

Year	Bond		Total
	Principal	Interest	
2025	\$ 100,000	\$ 41,155	\$ 141,155
2026	105,000	35,723	140,723
2027	110,000	29,970	139,970
2028	115,000	23,895	138,895
2029	120,000	17,550	137,550
2030	130,000	10,800	140,800
2031	<u>135,000</u>	<u>3,645</u>	<u>138,645</u>
Total	<u>\$ 815,000</u>	<u>\$ 162,738</u>	<u>\$ 977,738</u>

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 5 - Insurance

The District carries directors' and officers' coverage.

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 years are:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 39,732	\$ 408	\$ 40,140
Total	<u>\$ 39,732</u>	<u>\$ 408</u>	<u>\$ 40,140</u>

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 – Deferred Outflows of Resources

During the year ended June 30, 2023, the District recognized deferred outflows of resources related to the cost to store 200 tons of riprap. The storage agreement expires December 31, 2032, at which point any unused rock is to be forfeited unless a new agreement is reached.

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 8 – Subsequent Events

The District evaluated subsequent events for recognition and disclosure through September 24, 2024, the date which these financial statements were available to be issued. In July 2024, the District conducted an assessment election to fund a Pajaro Dunes Seawall Maintenance and Repair Plans Project. The election passed. The assessed funds will be used to pay for the costs of the repair, plus interest expense, for a total of \$3,524,920. The loan to cover the repair costs is expected to be a ten-year loan.

REQUIRED SUPPLEMENTARY INFORMATION

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL YEAR ENDED JUNE 30, 2024

	General Fund			Debt Service Fund			Total		
	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
Program revenues									
Assessment income	\$ 249,831	\$ 247,200	\$ (2,631)	\$ 141,323	\$ 129,895	\$ (11,428)	\$ 391,154	\$ 377,095	\$ (14,059)
Interest income	3,150	31,703	28,553	-	-	-	3,150	31,703	28,553
Total revenues	252,981	278,903	25,922	141,323	129,895	(11,428)	394,304	408,798	14,494
Expenditures									
Insurance	17,281	17,739	458	-	-	-	17,281	17,739	458
Legal expense	20,737	18,480	(2,257)	-	-	-	20,737	18,480	(2,257)
Accounting	20,737	13,388	(7,349)	-	-	-	20,737	13,388	(7,349)
Clerk	12,669	8,258	(4,411)	-	-	-	12,669	8,258	(4,411)
Assessment administration	5,410	5,731	321	-	-	-	5,410	5,731	321
Office	5,242	2,792	(2,450)	-	-	-	5,242	2,792	(2,450)
Officer selection	2,852	-	(2,852)	-	-	-	2,852	-	(2,852)
Audit	11,520	9,535	(1,985)	-	-	-	11,520	9,535	(1,985)
Bond fee	731	740	9	-	-	-	731	740	9
Seawall annual inspection	6,777	-	(6,777)	-	-	-	6,777	-	(6,777)
Technical planning	135,541	47,917	(87,624)	-	-	-	135,541	47,917	(87,624)
Dues and fees	-	2,406	2,406	-	-	-	-	2,406	2,406
Training and education	2,535	625	(1,910)	-	-	-	2,535	625	(1,910)
Reimbursements:									
Pelican Homeowners Association	92,856	92,856	-	-	-	-	92,856	92,856	-
Debt service:									
Principal	-	-	-	95,000	95,000	-	95,000	95,000	-
Interest	-	-	-	46,323	46,322	(1)	46,323	46,322	(1)
Total expenditures	334,888	220,467	(114,421)	141,323	141,322	(1)	476,211	361,789	(114,422)
Excess (deficit) of revenue over expenditures	<u>(81,907)</u>	<u>58,436</u>	<u>140,343</u>	<u>-</u>	<u>(11,427)</u>	<u>(11,427)</u>	<u>(81,907)</u>	<u>47,009</u>	<u>128,916</u>
Other financing sources (uses)									
Operating transfer in	-	4,132	4,132	-	-	-	-	4,132	4,132
Operating transfer out	-	-	-	-	(4,132)	(4,132)	-	(4,132)	(4,132)
Total other financing sources (uses)	-	4,132	4,132	-	(4,132)	(4,132)	-	-	-
Net changes in fund balances	<u>\$ (81,907)</u>	<u>62,568</u>	<u>\$ 144,475</u>	<u>\$ -</u>	<u>(15,559)</u>	<u>\$ (15,559)</u>	<u>\$ (81,907)</u>	<u>47,009</u>	<u>\$ 128,916</u>
Fund Balance - beginning		<u>1,111,162</u>			<u>352,116</u>			<u>1,463,278</u>	
Fund Balance - ending		<u>\$ 1,173,730</u>			<u>\$ 336,557</u>			<u>\$ 1,510,287</u>	

OTHER SUPPLEMENTARY INFORMATION

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

SCHEDULE I – REVENUES AND EXPEDITURES BY ZONE – BUDGET TO ACTUAL YEAR ENDED JUNE 30, 2024

	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	\$ 151,656	\$ 150,772	\$ (884)	\$ 239,498	\$ 226,323	\$ (13,175)	\$ 391,154	\$ 377,095	\$ (14,059)
Interest income	3,000	22,797	19,797	150	8,906	8,756	3,150	31,703	28,553
Total revenues	154,656	173,569	18,913	239,648	235,229	(4,419)	394,304	408,798	14,494
Expenditures									
Insurance	17,281	17,739	458	-	-	-	17,281	17,739	458
Legal expense	20,737	18,480	(2,257)	-	-	-	20,737	18,480	(2,257)
Accounting	20,737	13,388	(7,349)	-	-	-	20,737	13,388	(7,349)
Clerk	9,677	6,973	(2,704)	2,992	1,285	(1,707)	12,669	8,258	(4,411)
Assessment administration	3,664	4,600	936	1,746	1,131	(615)	5,410	5,731	321
Office	5,242	2,791	(2,451)	-	-	-	5,242	2,791	(2,451)
Officer selection	2,852	-	(2,852)	-	-	-	2,852	-	(2,852)
Audit	11,520	9,535	(1,985)	-	-	-	11,520	9,535	(1,985)
Bond fee	-	-	-	731	740	9	731	740	9
Seawall annual inspection	6,777	-	(6,777)	-	-	-	6,777	-	(6,777)
Technical planning	135,541	47,917	(87,624)	-	-	-	135,541	47,917	(87,624)
Dues and fees	-	2,406	2,406	-	-	-	-	2,406	2,406
Training and education	2,535	625	(1,910)	-	-	-	2,535	625	(1,910)
Reimbursements:									
Pelican Homeowners Association	-	-	-	92,856	92,856	-	92,856	92,856	-
Debt service:									
Principal	-	-	-	95,000	95,000	-	95,000	95,000	-
Interest	-	-	-	46,323	46,323	-	46,323	46,323	-
Total expenditures	236,563	124,454	(112,109)	239,648	237,335	(2,313)	476,211	361,789	(114,422)
Excess (deficit) of revenue over expenditures	<u>(81,907)</u>	<u>49,115</u>	<u>131,022</u>	<u>-</u>	<u>(2,106)</u>	<u>(2,106)</u>	<u>(81,907)</u>	<u>47,009</u>	<u>128,916</u>
Net changes in fund balances	<u>\$ (81,907)</u>	<u>49,115</u>	<u>\$ 131,022</u>	<u>\$ -</u>	<u>(2,106)</u>	<u>\$ (2,106)</u>	<u>\$ (81,907)</u>	<u>47,009</u>	<u>\$ 128,916</u>
Fund Balance - beginning		<u>987,304</u>			<u>475,974</u>			<u>1,463,278</u>	
Fund Balance - ending		<u>\$ 1,036,419</u>			<u>\$ 473,868</u>			<u>\$ 1,510,287</u>	

Special District Legislation Updates for ADA

- 1 New ADA Rules Released by DOJ
- 2 Old vs. New Requirements
- 3 Why Does This Matter?

What has changed?

OLD ADA REQUIREMENTS

1. Checking all HTML pages for conformance to ADA compliance requirements using tool like Lighthouse
2. Technical support for reported issues

NEW DOJ AND STATE REQUIREMENTS

1. Automatically checking all PDFs for ADA compliance using industry scanner
2. Creating a process and remediation request form for PDFs created and placing remediation language on all pages where the PDFs are linked
3. Checking all videos, if present, for closed captioning and automatically enabling it
4. Manual testing by users with various disabilities, with testing processes documented
5. Generating and posting an accessibility statement and updating each year
6. Creating a reliable remediation form for accessibility issues that is monitored by technical personnel and CC's district staff with two alternative forms of communication (web and non-web based).
7. Ongoing reviews by accessibility staff, who get automatically alerted of accessibility issues
8. Annual ADA compliance plan review
9. Creating court-admissible monthly ADA reports
10. Ongoing ADA support and training for your staff
11. Readiness for legal defense e.g. \$10,000 - \$50,000 of indemnification



Flexible New Plans built for your district's specific needs

Current Plan

~~\$90/month~~

- Website hosting + content management
- Amplify™ Design Builder
- Google maps + locations Integration
- Social feed integration
- Annual design reviews
- Annual board reports
- Compliance & posting checklist
- DOJ Required
- DOJ Required
- \$10,000 indemnification from ADA issues
- Meetings assistant
- One-click social sharing
- One-click email marketing & subscriptions
- Payments / commerce tools
- E-Signature Forms
- Internal communications hub
- Support with integration of embedded tools
- Training + support

Disc.

New Plan Compliance Basics

~~\$290/month~~
\$130/month

- Website hosting + content management
- Amplify™ Design Builder
- Google maps + locations Integration
- Social feed integration
- Annual design reviews
- Annual board reports
- Compliance & posting checklist
- ADA accessibility assistant
- Access to PDF Remediation
- \$10,000 indemnification from ADA issues
- Meetings assistant
- One-click social sharing
- One-click email marketing & subscriptions
- Payments / commerce tools
- E-Signature Forms
- Internal communications hub
- Support with integration of embedded tools
- Training + support

Community Pro

~~\$370/month~~
\$185/month

- Website hosting + content management
- Amplify™ Design Builder
- Google maps + locations Integration
- Social feed integration
- Annual design reviews
- Annual board reports
- Compliance + posting checklist
- ADA accessibility assistant
- Access to PDF Remediation
- \$25,000 indemnification from ADA issues
- Meetings assistant
- One-click social sharing
- One-click email marketing & subscriptions
- Payments / commerce tools
- E-Signature Forms
- Internal communications hub
- Support with integration of embedded tools
- Training + support

Operations Pro

~~\$700/month~~
\$300/month

- Website hosting + content management
- Amplify™ Premium Design Builder
- Google maps + locations Integration
- Social feed integration
- Annual design reviews
- Annual board reports
- Compliance + posting checklist
- ADA accessibility assistant
- Access to PDF Remediation
- \$50,000 indemnification from ADA issues
- Meetings assistant
- One-click social sharing
- One-click email marketing & subscriptions
- Payments / commerce tools
- E-Signature Forms
- Internal communications hub
- Support with integration of embedded tools
- Training + support

CONFLICT OF INTEREST CODE FOR THE
PAJARO DUNES GEOLOGICAL HAZARD ABATEMENT DISTRICT
REVIEWED OCTOBER 5th, 2024

The Political Reform Act, Government Code Section 81000, et. seq., requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation, 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference and, along with the attached Table 1 (Categories) and Table 2 (Designated Positions) in which members and employees are designated and disclosure categories are set forth, constitute the conflict of interest code of the Pajaro Dunes Geologic Hazard Abatement District.

Designated employees and directors shall file their statements of economic interest, as specified in this Code, with Pajaro Dunes Geologic Hazard Abatement District, who will thereafter make the statements available for public inspection and reproduction. (GOV. Section 81008). Statements for all designated employees will be retained by the Pajaro Dunes Geologic Hazard Abatement District.

**TABLE 1
CATEGORIES FOR
CONFLICT OF INTEREST CODES
FOR PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT**

- Category 1:** Officials and employees whose duties are broad and indefinable:
- Investments, business positions, and income from source located in or doing business in the jurisdiction.
- Interests in real property located in jurisdiction, including property located within a two mile radius of any property owned or used by the agency.
- Category 2:** Officials and employees whose duties involve contracting or purchasing:
- Investments, business positions, and sources of income of the type which:
- Provide services, supplies, materials, machinery or equipment of the type utilized by the agency.
- Category 3:** Agencies with regulatory powers:
- Investments, business positions, and sources of income of any type which:
- Are subject to the regulatory, permit or licensing authority of the agency.
- Category 4:** Designated employees whose decisions may affect real property interests:
- Investments, business positions and sources of income of the type which:
- Engage in land development, construction or the acquisition or sale of real property.
- Interests in real property located within the jurisdiction, including property located within a two-mile radius of any property owned or used by the agency.
- Category 5:** Agencies which Provide pooled self-insurance benefits:
- Interests in real property located within the jurisdiction, including

property located within a two-mile radius of any property owned or used by the agency.

Investment, business positions, and sources of income of the type which:

The agency is empowered to invest its funds.

Provide services, supplies, materials, machinery or equipment of the type utilized by the agency.

Engaged in the business of insurance including, but not limited to, insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers and actuaries.

Financial institutions including, but not limited to, banks, savings and loan associations and credit unions.

Have filed a claim, or have a claim pending, against the agency.

**TABLE 2
CATEGORIES FOR
DESIGNATED POSITIONS OF INTEREST CODES
FOR PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT**

<u>Designated Position</u>	<u>Disclosure Category</u>
Members of the Board of Directors	Categories 1, 2
Clerk	Categories 1, 2
General Counsel	Categories 1, 2
Consultants*	Categories 1, 2

* The definition of "Consultant" contained in 2 Cal. Code of Regs., Section 18701 (a)(2), and any amendment to said section duly adopted by the Fair Political Practices Commission, is incorporated herein by reference.

The Board of Directors may determine in writing that a particular consultant is hired to perform a range of duties that are limited in scope and thus not required to comply with disclosure requirements described in these categories. Such determination shall include a description of the consultant's duties, and based upon that description, a statement of the extent of the disclosure requirements. The Board shall direct that a copy of this determination be forwarded to the Fair Political Practices Commission. Nothing herein excuses any such consultant from any other provision of this Conflict of Interest Code.