



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

John Cullen will be attending remotely from:
[300 Beacon Ridge Lane, Walnut Creek Ca. 94597](#)

Saturday, April 14, 2018 9:00 a.m.

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

Bob Moore, President
Robert Allen, Vice-President
John Cullen, Secretary

David Ferrari, Community Liaison
Jim Griffin, 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.

- Update on PDA meeting of March 10th, 2018
- Meeting Calendar 2018
June 9th (Special Meeting, ballot count) **8am**,
Regular Meetings: August 11th, November 10th, and December 8th.

D. CONSENT CALENDAR

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

1. Approval of minutes February 10, 2018 and March 10, 2018

E. TREASURER'S REPORT

2. Financial Reports
 - Financial Report through March 31, 2018
 - Warrant listing

F. MEETING reports

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

G. NEW BUSINESS

4. ITEM – Update on 2018 assessment election mailings and procedures and reading of correspondence received through April 9, 2018
 - a. Board report
 - b. Public comment
 - c. Board discussion
 - d. Board action

5. ITEM – Consider hiring Lynn Myers and colleague to act as an independent count for the ballots.
 - a. Board report
 - b. Public comment
 - c. Board discussion
 - d. Board action

6. ITEM – Information and Q&A session about the 2018 assessment election.
 - a. Board report
 - b. Open for public questions and comments
 - c. Board responses

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 June 9, 2018, at 8:00 a.m. at the offices of the Pajaro Dunes Geologic Hazard Abatement District, Meadow Room, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076. Individuals who require special accommodations are requested to contact the District Clerk by calling (831) 761-7744, no less than 72 hours prior to the meeting or in the case of a Special Meeting, as soon as possible after the Agenda is posted. Copies of the agenda will be available 72 hours prior to the meeting and may be obtained by contacting the District at (831) 761-7744. All meetings are noticed and conducted in accordance with the Ralph M. Brown Act.



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

Saturday, February 10, 2018 9:00 a.m.

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

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

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

B. MEMBER COMMENTS

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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.

- Update on working with the County for seawall repairs
- Upcoming Regular Meeting Calendar:
April 14th, May 12th, August 11th, November 10th, and December 8th.

Mike gave an update about previous County interactions. Has tried reaching out to the County but current contact information hasn’t returned any phone calls or given a response. May need to move to higher political actions to get the conversation going again concerning permits.

D. CONSENT CALENDAR

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

1. Approval of minutes December 9, 2017

Board formed in 1998 per George one of the first board members. Bob M. puts forward motion to approve minutes as they are. Seconded by David F. All approve

E. TREASURER'S REPORT

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

Wendy provided an update on the financials from July 1 to end of 2017.

John moves to accept financial report Rob A-seconds. All approve

F. MEETING reports

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

G. NEW BUSINESS

4. ITEM – Consider approving renewal of insurance through KBK insurance with a new underwriter
 - a. Board report
 - b. Public comment
 - c. Board discussion
 - d. Board action

Rob Allen puts forward -Motion to approve renewing both insurance policies brokered through KBK insurance John C. seconds All approve.

5. ITEM – Consider approving renewal of membership in California Special District's Association (CSDA).
 - a. Board report
 - b. Public comment
 - c. Board discussion
 - d. Board action

Wendy: training is discounted through this association and seems a valuable association to be involved in.

David F. Jim Griffins seconds. All approve

6. ITEM – Review PDA response to request for co-signing for a line of credit and consider District response.

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

Bob- We received a letter from PDA-seems to be a vote of no confidence. Looks like they are not supporting the GHAD. Handed out notes from the discussion at the PDA September meeting from Drew, the letter and the items we sent to the PDA board. Contacted everyone and there is a possibility that they may change their decision? Last page outlines what may happen if GHAD fails.

Rob Allen-I have a differing view that the PDAs response may be more of a strategic action. Is the likelihood of prevailing in a 218 election increased if we do not have the letter of credit in hand.

Cheryl-I am on the PDA board-you have hit on one of the feelings of the board. There was a discussion of what would be the best strategy to get front row homeowners to approve the assessment. I would like to hear from the GHAD what would be a good strategy from our perspective. How do we work together to pass this assessment.

Rob A. I am a front row homeowner and there has been much discussion of the weighting. As I understand it if an event happens then PDA would pay and then all homeowners would have to pay back equally.

David F-was one of the issues not having enough detail on how the funds would be used?

Cheryl (PDA Board)-That was discussed and we want to be fiscally responsible so clarity is important and we don't know how much is at stake. Maybe we should wait and just deal with (approve) a line of credit at the time.

David F-We came up with the number based on information from our engineers. It's a security blanket, not an open check.

Rob A-Does the line of credit enhance or impede passage of the assessment?

John C-An issue with looking at this strategically if we say that the PDA will be responsible if we don't get the letter of credit. But then the entire community is affected by something that is only occurring at 1 or 2 houses. Not having a letter of credit does appear to give a

Rob A-If we had the letter of credit, then some people would just say well they already have money so why do we need to give them more money.

Cheryl-Yes this was part of the discussion. \$600,000 was also daunting.

David-What is the strategic benefit.

Cheryl-It wasn't all strategic. There was a combination of issues-guaranteeing this loan when there isn't an event, the amount was large and we might

Carol-For Martin (engineer) what is the likelihood of an event in the rest of this season?

Martin-We cannot predict that.

Bob M-Our last line of credit was for \$400,000 about 4 years ago. We don't anticipate drawing down the full amount (\$600,000).

John C-Should we just ask for less?

Sarah-We need to remember that the line of credit needs to cover us through at least 2 seasons (this year and 2018/19) before we begin bringing in money from the next assessment.

Mike- We will also only be collecting a third of the funds each year.

Jim-When will funds be available? Mike-February 2019. So we need to not divide the community over this issue. We should discuss this with the PDA board and answer any questions.

John C-Is this agendized? Cheryl-no but can be. One of the issues that wasn't discussed is if GHAD disbands. What would happen to the rocks etc. And what is the best strategy to get this assessment approved.

Carol-Would SCC Bank approve a line of credit after an assessment election is passed?

Wendy-yes. Carol-Could you just wait for that before asking for a line of credit?

Patricia-What are the consequences-does PDA board understand what they will need to take on? Do they understand what 20 years of effort will be coming back to the board. Cheryl-We are partially aware.

John C-Our documents outlined clearly that the funds are for emergency funds only. Do we need to clarify that with the PDA?

Rob A-I wasn't advocating for not receiving the line of credit. I believe we should approach the PDA board again and present with a lower amount and they should support us. I just wanted to make sure.

David-Are there fees associated with getting the line of credit? I don't want to pay a full amount if a short duration-3 months so maybe a little longer.

Bob M-should we lower the amount to \$300,000 and ask the PDA again and a duration until October 1st.

John C-so we would have from August through October to obtain our own line of credit.

Motion to seek reconsideration from PDA board now through Oct. 2018

Second by David F. All approve. Mike-you are giving Bob authority to go to PDA. David F and Bob M will attend the PDA meeting on March 10th.

Mike-I can prepare something for the PDA board meeting explaining what would happen if there was no PDA. Also-we should make sure we can get PDA support for the assessment.

How do we address the front row homeowners and getting them on board. The \$800,000 fine that is looming over us may be a good incentive. How would they feel about dividing that equally between the homeowners?

7. ITEM – Consider approving the budget for the Fiscal Year 2018-2019 for inclusion in the 2018 assessment election

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

Jim G-motion to approve budget. Rob A-second. All approve.

8. ITEM – Review and provide direction on Draft Engineer’s Report for Fiscal Year 2018-2019.

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

Mike-This is similar, we have just updated the numbers.

Rob A-Are these accurate numbers?

Wendy –there are pennies different but no significant changes.

John C-I have some questions and comments. There are a couple of places where it talks about the costs estimates-page 42 exhibit A has the same language as what is in the engineer’s report. Starting second paragraph-“assessed funds will be used for...and contingency ...That makes it sound like Zone 2 is also participating-needs to be clarified.

Mike-To clarify Zone 1 and Zone 2-yes both will have an assessment but Zone 2 is only the admin budget.

9. ITEM – Review proposed ballots and balloting procedures for the 2018 assessment election.

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

Sarah-Want to code the ballots, add a drop box at the front desk.

John C-Why do Zone 2 folks get 2 ballots? Do they have a fiscal stake in the vote? There is a lot of redundancy in the language so how will we be able to make it clear which ballot is for which

Wendy-explained the numbers of how much is for the Zone 2 (Pelicans)

Mike-board advise us to update ballots and ballot procedures. An outside party can do the tabulations.

Wendy-Lynn Myers can probably do that

10. ITEM – Consider and provide direction on assessment outreach efforts.

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

Mike-Passed around a draft of the FAQ sheet. It's long and we can edit. Please review and make updates and get back to Mike in the next couple of weeks.

You as individuals can voice your opinion but no expenditures can be made on behalf of the board so just be careful in your wording when discussions.

Rob A-If PDA is supportive we should include in a mailing from PDA-newsletter etc.

Mike-we also have the April meeting to answer questions as an opportunity to clarify answers to questions. Just insure that you are not representing GHAD when voicing your own opinion. Ensure not to have a quorum of GHAD members at the PDA meetings.

Sarah-will create web page for 218 process-FAQs

Mike-One of the FAQs pertains to the why are we doing this again? We have updated the language to ensure we are only assessing Zone 1.

Motion to adjourn John C. David seconds. All approve.

H. DIRECTORS COMMENTS AND CONCERNS

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

I. ADJOURNMENT

The next Regular Meeting of the Board of Directors is scheduled for April 14, 2018, at 9:00 a.m. at the offices of the Pajaro Dunes Geologic Hazard Abatement District, Meadow Room, Pajaro Dunes, 2661 Beach Road, Watsonville, CA 95076. Individuals who require special accommodations are requested to contact the District Clerk by calling (831) 761-7744, no less than 72 hours prior to the meeting or in the case of a Special Meeting, as soon as possible after the Agenda is posted. Copies of the agenda will be available 72 hours prior to the meeting and may be obtained by contacting the District at (831) 761-7744. All meetings are noticed and conducted in accordance with the Ralph M. Brown Act.



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

Saturday, March 10, 2018 8:00 a.m.

A. OPEN SESSION CALL TO ORDER – PLEDGE OF ALLEGIANCE

Roll Call

Bob Moore, President
Robert Allen, Vice President
John Cullen, Secretary

David Ferrari, Community Liaison
Jim Griffin, Director
Sarah Mansergh, Clerk

B. MEMBER COMMENTS

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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.

- Upcoming Regular Meeting Calendar:
April 14th, May 12th, August 11th, November 10th, and December 8th.

Bob M. prompted a discussion about seeking PDA approval for the bridge loan. Is concerned that there is a lack of support coming from the PDA about this issue and wonder how that extends to the election. How will we answer their questions concerning the loan and use of funds?

Carol-Well the new proposal was a bridge loan that will be guaranteed by the PDA for \$300,000 through October 1, 2018. At that time the GHAD will then assume the whole loan amount or create a whole new loan.

David F.-Is there a cost associated with getting the loan?

Carol-Yes, I believe it was \$500 for the \$300,000 loan.

David F.-I thought \$1000.

Carol-\$1000 for the \$600,00 loan and \$500 for the \$300,000 loan

Wendy-That sounds in line with what we have had before. The terms were prime plus 1.

Jim G-When will we get the funds? from the assessment and we can guarantee them before that for the loan.

John C.-We need to make sure we present the new idea for the loan. Clarify what the loan is for.

Bob M. I am concerned that the board is not understanding what will happen if there is no GHAD.

Carol-I think they understand this and don't really want to take on this task again.

Rob A.-I think we've answered many of their questions we should just be clear that the funds will be pulled down for emergencies-not spent on other items. They should be more comfortable with the new loan amount and time. As I've said, there may have been some strategy in not getting the loan before the election. It may cause less confusion.

Sarah-Sorry to jump in but we do have lots of other items in our agenda so as long as you have enough information to answer questions for the PDA meeting we should probably move on to our regular agenda.

D. NEW BUSINESS

1. ITEM – Review 2018 Assessment Election Staff Report and assessment timeline and declare intention to authorize and levy an assessment for the updated Administrative and Operating Budget Fiscal Year 2018-2019.

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

Mike- There is a lot of redundancy in these documents so this is an overview of what we are doing and why.

John C.-Motion to approve David F. seconds All approve

2. ITEM – Consider a resolution appointing ARUP as Engineer of Record and accepting the Engineer's Report for Fiscal Year 2018-2019.

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

David F.-These are the most up to date numbers and are all correct.

Wendy-Yes, these are the updated numbers we do have one change-There was a Pelicans house left off of the list we will need to add back in.

Rob. A-Motion to approve, with changes. David F. second. All approve.

3. ITEM – Consider a resolution to accept the President's Report for the 2018 assessment election

- a. Board report
- b. Public comment

- c. Board discussion
- d. Board action

Mike-Again this is redundant and mostly references the Engineer's Report. We are just required to include this in the set of documents.

John C.-Motion to approve. Rob A. seconds. All approve

4. ITEM- Consider a resolution approving the Assessment Notice for the 2018 assessment election.

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

Mike-this is what we will be sending to the homeowners.

John C-I just want to make sure that the language is clear concerning Zone 2 .

Sarah-It should be clearer since we are only sending them these notices, the ballot and the timeline in their packet.

Rob A. move to approve notices. John C. seconds. All approve

5. ITEM – Consider a resolution approving the balloting procedures for the 2018 assessment election.

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

Mike-This is the description of the procedures for the election. What we are doing, how much time, who to contact, that kind of information.

Rob A. move to approve notices. John C. seconds All approve.

6. ITEM – Consider a resolution approving the ballots for the 2018 assessment election.

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

Sarah-I've shown you a mock up of the ballot. Each ballot will be coded to the specific house number and house row with different colored ballots for Zone 1 and Zone 2.

Rob A. move to approve. John C. seconds. All approve.

7. ITEM – Review and consider approving webpage design for the 2018 assessment election.

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

d. Board action

Sarah-Provided print out of the mock-up of the website. Includes the timeline as a visual, a section of FAQs and a section for the notifications and reports. Will add in the approved Staff Report, President's Report and Engineer's Reports. Any questions?

All looks good.

8. ITEM – Provide direction for preparation of materials for April 14th meeting.

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

Sarah-What items would you like to have available for the information meeting? I believe Wendy has some visuals that were useful last time.

Wendy-Pie charts that show the break down of the payments for each Zone. Since we will be paying off one of the loans next year we could show the different amounts since it will look like it is a lower amount.

Sarah-And we have the FAQs. Anything else? Just send me an e-mail if you think of anything.

Rob. A Motion to adjourn meeting. David F. seconds. All approve.

E. DIRECTORS COMMENTS AND CONCERNS

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

F. ADJOURNMENT

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Pajaro Dunes Geologic Hazard Abatement District

Balance Sheet

As of March 31, 2018

Mar 31, 18

ASSETS

Current Assets

Checking/Savings

| | |
|----------------------------------|------------|
| 100000 · SCCB Zone 1 - 3957 | 35,320.57 |
| 100001 · SCCB Zone 2 - 3965 | 58,801.16 |
| 100003 · SCCB LTD- 0208 | 89,622.52 |
| 100400 · Union Bank Bond Holding | 314,129.96 |

Total Checking/Savings 497,874.21

Accounts Receivable

| | |
|---------------------------------|-----------|
| 120000 · Assessments Receivable | 21,274.37 |
|---------------------------------|-----------|

Total Accounts Receivable 21,274.37

Other Current Assets

| | |
|----------------------------|-----------|
| 121500 · Prepaid Insurance | 16,542.68 |
|----------------------------|-----------|

Total Other Current Assets 16,542.68

Total Current Assets 535,691.26

Fixed Assets

| | |
|--------------------|--------------|
| 150000 · Riverwall | 3,000,000.00 |
|--------------------|--------------|

| | |
|-----------------------------------|----------------------|
| 160000 · Accumulated Depreciation | <u>-1,324,997.00</u> |
|-----------------------------------|----------------------|

Total Fixed Assets 1,675,003.00

TOTAL ASSETS 2,210,694.26

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

| | |
|---------------------------|------------------|
| 200000 · Accounts Payable | <u>-5,558.00</u> |
|---------------------------|------------------|

Total Accounts Payable -5,558.00

Other Current Liabilities

| | |
|---------------------------|----------|
| 220000 · Accrued Interest | 1,796.40 |
|---------------------------|----------|

| | |
|---------------------------|-----------|
| 255000 · Unearned Revenue | 24,931.00 |
|---------------------------|-----------|

Total Other Current Liabilities 26,727.40

Total Current Liabilities 21,169.40

Long Term Liabilities

| | |
|------------------------------|-----------|
| 260000 · NP SCCB (439k) Loan | 59,752.23 |
|------------------------------|-----------|

| | |
|---------------------------|--------------|
| 285000 · Bonds Payable Z2 | 1,315,000.00 |
|---------------------------|--------------|

| | |
|------------------------------------|------------|
| 286000 · Bonds Payable Discount Z2 | -52,250.00 |
|------------------------------------|------------|

| | |
|----------------------------------|-----------|
| 286500 · Amort. Bond Discount Z2 | 27,163.00 |
|----------------------------------|-----------|

Total Long Term Liabilities 1,349,665.23

Total Liabilities 1,370,834.63

Equity

| | |
|--------------------------------|------------|
| 30000 · Opening Balance Equity | 607,356.35 |
|--------------------------------|------------|

| | |
|---------------------------|------------|
| 32000 · Retained Earnings | 203,352.89 |
|---------------------------|------------|

| | |
|------------|-----------|
| Net Income | 31,207.39 |
|------------|-----------|

Total Equity 841,916.63

TOTAL LIABILITIES & EQUITY 2,212,751.26

Note ~ GHAD owns \$15k of rock that is stored at Granite Rock

Pajaro Dunes Geologic Hazard Abatement District

Profit & Loss Budget vs. Actual

July 2017 through March 2018

| | Zone 1 | | | Zone 2 | | |
|-------------------------------------|----------------------|----------------------|---------------------|------------------------|------------------------|---------------------|
| | Jul '17 - Mar 18 | Budget | \$ Over Budget | Jul '17 - Mar 18 | Budget | \$ Over Budget |
| Ordinary Income/Expense | | | | | | |
| Income | | | | | | |
| 410000 · Assessment Income | 107,901 | 107,909 | (8) | 177,809 | 177,820 | (11) |
| 410050 · Assess. Income PDA Stairs | 4,378 | 4,378 | | 1,882 | 1,882 | |
| Total Income | <u>112,279</u> | <u>112,287</u> | <u>(8)</u> | <u>179,691</u> | <u>179,702</u> | <u>(11)</u> |
| Expense | | | | | | |
| 610155 · Postage and Mailings | 2 | 985 | (983) | | | |
| 615140 · Audit Expense | 7,500 | 7,983 | (483) | | | |
| 61518 · Clerk | 2,279 | 3,780 | (1,501) | 1,226 | 2,039 | (813) |
| 615415 · Accounting | 13,235 | 13,613 | (378) | | | |
| 615416 · Assessment Admin. Expense | 5,121 | 8,241 | (3,120) | 813 | 1,030 | (217) |
| 615617 · Website Maintenance | 300 | 2,733 | (2,433) | | | |
| 615650 · Officer Election | | 2,060 | (2,060) | | | |
| 615655 · Dues | 167 | | 167 | | | |
| 615656 · Board/Clerk Education | | 1,030 | (1,030) | | | |
| 616500 · Legal Fees | 9,400 | 6,953 | 2,447 | | | |
| 619010 · Technical Consulting Costs | 9,283 | | 9,283 | | | |
| 628500 · Insurance Expense | 9,747 | 10,043 | (296) | | | |
| 629030 · SBA Repayment to PHA Z2 | | | - | 69,642 | 69,642 | |
| 629900 · Bond Fee Expense | | | - | | 650 | (650) |
| 650000 · Bank Service Charges | | | - | 270 | | 270 |
| 750000 · Depreciation Expense Z2 | | | | 74,997 | 75,000 | (3) |
| Total Expense | <u>57,034</u> | <u>57,421</u> | <u>(387)</u> | <u>146,948</u> | <u>148,361</u> | <u>(1,413)</u> |
| Net Ordinary Income | <u>55,245</u> | <u>54,866</u> | <u>379</u> | <u>32,743</u> | <u>31,341</u> | <u>1,402</u> |
| Other Income/Expense | | | | | | |
| Other Income | | | | | | |
| 410070 · Interest & Penalty Income | 1,797 | 37 | 1,760 | 219 | 113 | 106 |
| Total Other Income | <u>1,797</u> | <u>37</u> | <u>1,760</u> | <u>219</u> | <u>113</u> | <u>106</u> |
| Other Expense | | | | | | |
| 855000 · Interest Expense | 3,888 | 3,886 | 2 | 53,343 | 53,344 | (1) |
| 955500 · Interest Bond Discount | | | | 1,566 | 1,566 | |
| Total Other Expense | <u>3,888</u> | <u>3,886</u> | <u>2</u> | <u>54,909</u> | <u>54,910</u> | <u>(1)</u> |
| Net Other Income | <u>(2,091)</u> | <u>(3,849)</u> | <u>1,758</u> | <u>(54,690)</u> | <u>(54,797)</u> | <u>107</u> |
| Net Income | <u><u>53,154</u></u> | <u><u>51,017</u></u> | <u><u>2,137</u></u> | <u><u>(21,947)</u></u> | <u><u>(23,456)</u></u> | <u><u>1,509</u></u> |

Pajaro Dunes Geologic Hazard Abatement District
Profit & Loss Budget vs. Actual
 July 2017 through March 2018

| | TOTAL | | |
|-------------------------------------|----------------------|----------------------|---------------------|
| | Jul '17 - Mar 18 | Budget | \$ Over Budget |
| Ordinary Income/Expense | | | |
| Income | | | |
| 410000 · Assessment Income | 285,710 | 285,729 | (19) |
| 410050 · Assess. Income PDA Stairs | 6,260 | 6,260 | |
| Total Income | <u>291,970</u> | <u>291,989</u> | <u>(19)</u> |
| Expense | | | |
| 610155 · Postage and Mailings | 2 | 985 | (983) |
| 615140 · Audit Expense | 7,500 | 7,983 | (483) |
| 61518 · Clerk | 3,505 | 5,819 | (2,314) |
| 615415 · Accounting | 13,235 | 13,613 | (378) |
| 615416 · Assessment Admin. Expense | 5,934 | 9,271 | (3,337) |
| 615617 · Website Maintenance | 300 | 2,733 | (2,433) |
| 615650 · Officer Election | | 2,060 | (2,060) |
| 615655 · Dues | 167 | | 167 |
| 615656 · Board/Clerk Education | | 1,030 | (1,030) |
| 616500 · Legal Fees | 9,400 | 6,953 | 2,447 |
| 619010 · Technical Consulting Costs | 9,283 | | 9,283 |
| 628500 · Insurance Expense | 9,747 | 10,043 | (296) |
| 629030 · SBA Repayment to PHA Z2 | 69,642 | 69,642 | |
| 629900 · Bond Fee Expense | | 650 | (650) |
| 650000 · Bank Service Charges | 270 | | 270 |
| 750000 · Depreciation Expense Z2 | 74,997 | 75,000 | (3) |
| Total Expense | <u>203,982</u> | <u>205,782</u> | <u>(1,800)</u> |
| Net Ordinary Income | <u>87,988</u> | <u>86,207</u> | <u>1,781</u> |
| Other Income/Expense | | | |
| Other Income | | | |
| 410070 · Interest & Penalty Income | 2,016 | 150 | 1,866 |
| Total Other Income | <u>2,016</u> | <u>150</u> | <u>1,866</u> |
| Other Expense | | | |
| 855000 · Interest Expense | 57,231 | 57,230 | 1 |
| 955500 · Interest Bond Discount | 1,566 | 1,566 | |
| Total Other Expense | <u>58,797</u> | <u>58,796</u> | <u>1</u> |
| Net Other Income | <u>(56,781)</u> | <u>(58,646)</u> | <u>1,865</u> |
| Net Income | <u><u>31,207</u></u> | <u><u>27,561</u></u> | <u><u>3,646</u></u> |

Pajaro Dunes Geologic Hazard Abatement District Bank Account Activity

As of March 31, 2018

| Type | Date | Num | Name | Debit | Credit | Balance |
|------------------------------------|------------|------|--|------------|------------|------------------|
| 100000 · SCCB Zone 1 - 3957 | | | | | | 16,877.23 |
| Payment | 01/01/2018 | | Pajaro Dunes Association- | 2,057.00 | | 18,934.23 |
| Bill Pmt -Check | 01/03/2018 | 1311 | Hutchinson & Bloodgood | | 7,500.00 | 11,434.23 |
| Bill Pmt -Check | 01/03/2018 | 1312 | Jarvis, Fay, Doport & Gibson, LLP | | 1,980.00 | 9,454.23 |
| Bill Pmt -Check | 01/03/2018 | 1313 | Wendy L. Cumming, CPA | | 1,402.50 | 8,051.73 |
| Bill Pmt -Check | 02/09/2018 | 1314 | Jarvis, Fay, Doport & Gibson, LLP | | 760.00 | 7,291.73 |
| Bill Pmt -Check | 02/09/2018 | 1315 | Sarah Mansergh | | 567.98 | 6,723.75 |
| Bill Pmt -Check | 02/09/2018 | 1316 | Wendy L. Cumming, CPA | | 1,609.50 | 5,114.25 |
| Deposit | 02/27/2018 | | | 49,422.67 | | 54,536.92 |
| Bill Pmt -Check | 03/09/2018 | 1317 | California Special Districts Association | | 167.00 | 54,369.92 |
| Bill Pmt -Check | 03/09/2018 | 1318 | Jarvis, Fay, Doport & Gibson, LLP | | 1,140.00 | 53,229.92 |
| Bill Pmt -Check | 03/09/2018 | 1319 | KBK Insurance | | 14,704.68 | 38,525.24 |
| Bill Pmt -Check | 03/09/2018 | 1320 | Sarah Mansergh | | 688.42 | 37,836.82 |
| Bill Pmt -Check | 03/09/2018 | 1321 | Wendy L. Cumming, CPA | | 2,516.25 | 35,320.57 |
| Total 100000 · SCCB Zone 1 - 3957 | | | | 51,479.67 | 33,036.33 | 35,320.57 |
| 100001 · SCCB Zone 2 - 3965 | | | | | | 27,863.58 |
| Bill Pmt -Check | 01/03/2018 | 1278 | Pelican Home Owner's Association | | 15,476.00 | 12,387.58 |
| Bill Pmt -Check | 01/03/2018 | 1279 | Pajaro Dunes Geologic Abatement District | | 1,852.00 | 10,535.58 |
| Payment | 01/03/2018 | | Pajaro Dunes Association- | 1,882.00 | | 12,417.58 |
| Bill Pmt -Check | 02/09/2018 | 1280 | Pelican Home Owner's Association | | 7,738.00 | 4,679.58 |
| Bill Pmt -Check | 02/09/2018 | 1281 | Sarah Mansergh | | 70.20 | 4,609.38 |
| Deposit | 02/27/2018 | | | 154,169.08 | | 158,778.46 |
| Bill Pmt -Check | 03/09/2018 | 1282 | Pajaro Dunes Geologic Abatement District | | 92,154.22 | 66,624.24 |
| Bill Pmt -Check | 03/09/2018 | 1283 | Pelican Home Owner's Association | | 7,738.00 | 58,886.24 |
| Bill Pmt -Check | 03/09/2018 | 1284 | Sarah Mansergh | | 85.08 | 58,801.16 |
| Total 100001 · SCCB Zone 2 - 3965 | | | | 156,051.08 | 125,113.50 | 58,801.16 |
| 100003 · SCCB LTD- 0208 | | | | | | 62,777.38 |
| Payment | 01/03/2018 | | Pajaro Dunes Association- | 2,321.00 | | 65,098.38 |
| Deposit | 01/31/2018 | | | 5.52 | | 65,103.90 |
| Deposit | 02/27/2018 | | | 55,694.49 | | 120,798.39 |
| Check | 02/28/2018 | atm | Santa Cruz County Bank | | 31,192.79 | 89,605.60 |
| Deposit | 02/28/2018 | | | 5.50 | | 89,611.10 |
| Deposit | 03/31/2018 | | | 11.42 | | 89,622.52 |

Pajaro Dunes Geologic Hazard Abatement District Bank Account Activity

As of March 31, 2018

| Type | Date | Num | Name | Debit | Credit | Balance |
|---|------------|-----|--|--------------------------|--------------------------|--------------------------|
| Total 100003 · SCCB LTD- 0208 | | | | 58,037.93 | 31,192.79 | 89,622.52 |
| 100400 · Union Bank Bond Holding | | | | | | 254,875.58 |
| Bill | 01/03/2018 | | Pajaro Dunes Geologic Abatement District | 1,852.00 | | 256,727.58 |
| Check | 01/31/2018 | | | | 31.90 | 256,695.68 |
| Deposit | 01/31/2018 | | | 11.55 | | 256,707.23 |
| Transfer | 02/01/2018 | | | | 34,705.00 | 222,002.23 |
| Bill | 02/28/2018 | | Pajaro Dunes Geologic Abatement District | 92,154.22 | | 314,156.45 |
| Check | 02/28/2018 | | | | 35.28 | 314,121.17 |
| Deposit | 02/28/2018 | | | 8.79 | | 314,129.96 |
| Total 100400 · Union Bank Bond Holding | | | | 94,026.56 | 34,772.18 | 314,129.96 |
| TOTAL | | | | <u>359,595.24</u> | <u>224,114.80</u> | <u>497,874.21</u> |

Item 4: Correspondence Concerning 2018 Assessment Election

From: Peter Bekey [mailto:pbekey@kcaengineers.com]
Sent: Tuesday, March 27, 2018 10:49 AM
To: Gatehouse
Subject: GHAD

I am in receipt of the memo about voting for the GHAD, and I assume that this memo will get a zero response from you, as did my two memos about transferring property to the Cypress area. I got no response from you or your engineer, so did not vote. I hope it lost.

As noted in your memo, there is an objection being voiced about the split in the assessment. I agree, it is totally unfair. But, having the threat of the County taking over the operation is probably not the truth. I think that the assessment split should have been revised a long time ago in response to the comments about the unfairness, but you have dragged your butt so long, that now it is probably too late. I will probably vote yes, but it will be the last time. In the future if a repair needs to be funded in front of the houses, it needs to be paid for by them, and if it is not, then an alternative design needs to be presented to the Pellicans, that would protect our buildings.

Peter J. Bekey

KCA Engineers Inc.

2018 Assessment Election FAQs

What is the Pajaro Dunes Geologic Hazard Abatement District and what is its mission?

The Pajaro Dunes Geologic Hazard Abatement District (GHAD) was formed in October 1998 to maintain and repair improvements that protect properties within the District and is comprised of two zones. Zone 1 is responsible for the maintenance of the rock revetment seawall, and all associated costs and expenses, and includes all members of the District. Zone 2 is responsible for maintenance of the sheet pile river wall, and all associated costs and expenses, and includes all members of the Pelican Homeowners Associate, a subdivision of the larger Pajaro Dunes development. The Zone 1 seawall was designed to reduce potential damage to homes and related infrastructure due to coastal erosion and coastal flooding from a 30-year storm event. While the initial construction costs for the seawall were paid by the front-row lot owners, the Pelican Condominium owners and Cypress Townhouse owners, Zone 1 of the GHAD has assumed responsibility for maintaining and repairing the seawall, to the extent that District property owners approve funding for such maintenance and repair activities. The affairs of the GHAD are managed by a five-person Board of Directors, which currently includes Bob Moore, Jim Griffin, John Cullen, David Ferrari and Robert Allen.

Why are District assessments necessary?

The only means by which the District can obtain funds for ongoing operation expenses and seawall maintenance is through assessments imposed on property owners within the District's boundaries. The current assessment to cover the administrative and operating costs of Zone 1 and Zone 2, one of several assessments imposed on District properties to cover District costs and debt, was approved in the Fiscal Year 2000 assessment election and has been periodically increased by an annual Cost-of-Living Adjustment (COLA), based on the Bay Area, All Urban Consumers, Consumer Price Index, as approved in that earlier election. The maximum assessment for the budget for administrative and operating costs, subject to the COLA, was set in 2000 at \$56,000. This assessment has proven to be insufficient for purposes of regular and routine District operations, as well as for purposes of paying for professional services (engineering, legal and accounting) necessary for seawall maintenance and repair.

What is the purpose of the proposed new assessment?

The District is seeking approval of a new assessment to fund the proposed budget for Zone 1 and Zone 2 for 2018-2019, and all fiscal years thereafter until modified, and covers annual District administrative and operating expenses, including line items for office expenses, insurance, costs for professional services, legal fees and annual seawall and river wall inspections. The assessment also provides for the establishment of a "Capital Repair and Expense Reserve Fund" of \$600,000 to be assessed only in Zone 1 for the purpose of maintaining a stable source of funding to pay for the cost of unanticipated and/or emergency maintenance and repair of the seawall. Such work may need to be performed prior to the time the comprehensive repair program the District is contemplating for the seawall is processed, approved and undertaken. The amount of the Reserve Fund is based on estimates of inspection and repair costs provided by

Arup North America, Ltd., the District's consulting engineer and the engineer of record. The Reserve Fund will be capped at \$600,000, so once said amount is collected, future Reserve Fund assessments in Zone 1 will be deferred until such funds are depleted for unanticipated/emergency use. Collection of assessments in Zone 1 necessary to create the Reserve Fund will be spread out over a period of several years, with the maximum amount collected in any given year being \$175,000, until the desired \$600,000 is reached. The Reserve Fund will be kept in a separate account from other District funds. The Zone 1 assessment, which includes the Reserve Fund for seawall maintenance and repair, will be levied on all homes in the District. In addition to this assessment, homes and properties in Zone 2 will be assessed for Zone 2's pro-rata share of administrative and operating expenses in the proposed District Budget.

Didn't the GHAD attempt a similar assessment in 2015?

Yes, in June of 2015, the GHAD Board held a public hearing and adopted a Resolution of Intention to approve and impose a new assessment similar to the assessment being proposed now. The primary difference was the establishment of a single Reserve Fund funded by both Zone 1 and Zone 2 for use for emergency maintenance and repairs for both the seawall and the riverwall. Election ballots were mailed to all property owners in Zones 1 and 2. This effort was abandoned when a discrepancy was discovered in the structure of the Reserve Fund that could have resulted in a disproportionate allocation of assessment funds between Zones 1 and 2. That problem has been alleviated by the establishment of a Reserve Fund solely for the use of Zone 1 Seawall repair.

Why is this process so complicated?

The District's ability to impose assessments is subject to both the provisions of the California Public Resources Code and Proposition 218, a statewide Constitutional initiative, which was approved by the voters at the November 5, 1996 general election. Proposition 218 added Article XIII D to the California Constitution, and that Article requires that all new or increased assessments in any special district must be approved by a weighted majority vote of the property owners within the district. The votes are weighted in proportion to the size of the assessment. Ballot and election procedures were sent with the ballots mailed to all property owners.

What is the effective date and duration of the increased assessments?

If approved, the increase in assessments to cover the District’s Administrative and Operating Cost Budget would be initiated by submitting an amended assessment roll to the County in August 2018 and the new assessment would be included on your property tax bill, due in December of 2018. The increased tax revenues would be available to the District in March of 2019. Thereafter, on an annual basis, the District will provide notice of its intent to impose the approved assessments for its annual Administrative and Operating Cost Budget, and in the absence of a recognized protest, would follow this same assessment process. If the new assessment is not approved, the District will continue to collect the administrative and operating cost budget assessment approved in the Fiscal Year 2000 assessment election.

What is the amount of the new assessment on each property?

The new assessments, as calculated by the District’s consulting engineer Arup North America, LTD., are set forth in the Table attached hereto as Exhibit A. Assessments would be subject to collection on an annual basis. The assessments will continue until they are replaced with a modified Operating and Cost Budget assessment via a future election. As noted above, it is anticipated that the Capital Repair and Expense Reserve portion of the Administrative and Operations Budget will be reduced once the District has collected funds necessary to reach the \$600,000 cap. The Zone 1 FY2018-2019 Administrative and Operating Budget has been preliminarily approved at \$306,065. The Zone 2 FY2018-2019 Administrative and Operating Budget has been preliminarily approved at \$4,050.

How were the assessments calculated?

The District has obtained an Engineer’s Report from Arup North America, Ltd., which allocates the increased costs to all properties in the District in proportion to the benefit received. A copy of the Engineer’s report may be obtained on the District’s website: pdghad.org or from the District’s Clerk, Sarah Mansergh, at 831 818-9253 or semmansergh@hotmail.com. The schedule for allocating costs was adopted by the Board for the initial assessment election in 1999 and is described below.

For Zone 1, all costs for the seawall are allocated between the house owners, the Cypress Townhouse owners and the Pelican Condominium owners in proportion to the length of the seawall in front of those respective properties. All members of the Cypress Project and the Pelican Project share equally the costs of the seawall in front of their respective project areas. For the house owners, the basis for the allocation is property proximity to the ocean hazard (85% to front-row houses, 10% to second-row houses and 5% to back-row houses) and, for front-row lots, the width of the oceanfront parcels.

For Zone 2, all costs associated with riverwall expenses are allocated equally between the home owners within Zone 2.

Will there be public meetings concerning the proposed assessment?

The District Board took action initiating the proposed assessment election on March 10, 2018. The District will hold a public hearing at a GHAD Board meeting on April 14, 2018 at 9:00 a.m. in the Meadow Room at Pajaro Dunes, 2661 Beach Road, Watsonville, California. The District will hold the final noticed public hearing at the GHAD Board meeting on June 9th, 2018 at 8:00 a.m. in the afore-referenced Meadow Room. The Board will hear assessment protests and accept assessment ballots at that hearing. All interested persons are encouraged to attend the hearing and to speak or submit written comments about the proposed assessments.

Where can I cast/send my ballot?

You have several options:

In Person: you can drop your ballot off at the blue ballot box in the gatehouse at Pajaro Dunes up until 7:30am on June 9th, 2018

At either public meeting in the Meadow Room:
April 14th 9am
June 9th, 8am

By Mail: send to
Sarah Mansergh,
District Clerk c/o Pajaro Dunes GHAD 2661 Beach Rd. Building #1 Watsonville CA 95076

What if I have additional questions?

You can contact Bob Moore, GHAD President at 2661 Beach Rd. Building #1 Watsonville CA 95076 or Sarah Mansergh, District Clerk at 831-818-9253 or semmansergh@hotmail.com

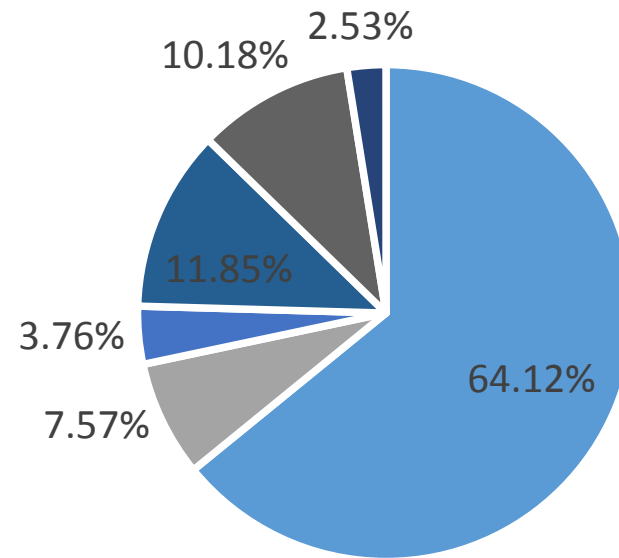
What if I have an issue with my ballot or need a replacement ballot?

You can contact Sarah Mansergh, District Clerk at 831-818-9253 or semmansergh@hotmail.com

Where can I find additional information including reports, assessment amounts and a timeline for the election?

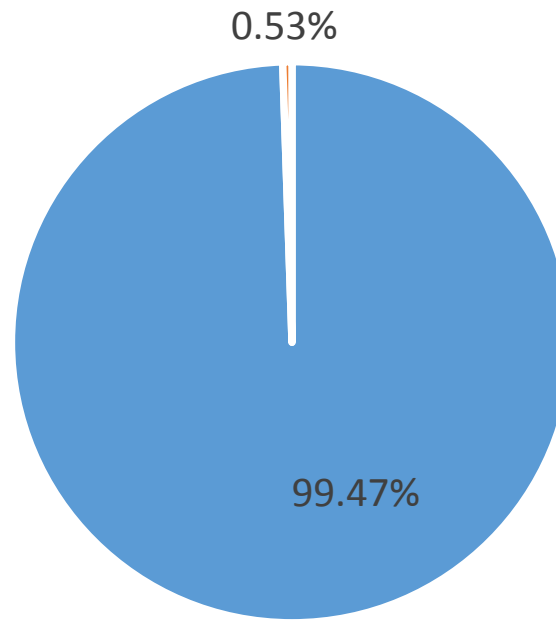
Please visit our website at pdghad.org and click on the 2018 assessment election page (<http://pdghad.org/2018-assessment-election/>)

Proportional Allocation Chart ~ Zone 1



- Row 1 Houses
- Row 2 Houses
- Row 3,4 & 5 Houses
- Cypress Townhomes
- Pelican Condominiums
- PDA Stairs

Proportional Allocation Chart ~ Zone 2



■ Pelican Condominiums ■ PDA Stairs