



**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

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

D. CONSENT CALENDAR

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

1. Approval of minutes December 9, 2017

E. TREASURER'S REPORT

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

F. MEETING reports

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

G. NEW BUSINESS

4. ITEM – Consider approving renewal of insurance through KBK insurance with a new underwriter

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

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

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

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

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

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

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

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

H. DIRECTORS COMMENTS AND CONCERNS

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

I. ADJOURNMENT

The next Regular Meeting of the Board of Directors is scheduled for 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.

Pajaro Dunes Geologic Hazard Abatement District
Balance Sheet

As of December 31, 2017

Dec 31, 17

ASSETS

Current Assets

Checking/Savings

100000 · SCCB Zone 1 - 3957	16,877.23
100001 · SCCB Zone 2 - 3965	27,863.58
100003 · SCCB LTD- 0208	62,777.38
100400 · Union Bank Bond Holding	<u>254,875.58</u>

Total Checking/Savings 362,393.77

Accounts Receivable

120000 · Assessments Receivable	<u>193,420.62</u>
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Total Accounts Receivable 193,420.62

Other Current Assets

121500 · Prepaid Insurance	<u>5,087.00</u>
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Total Other Current Assets 5,087.00

Total Current Assets 560,901.39

Fixed Assets

150000 · Riverwall	3,000,000.00
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160000 · Accumulated Depreciation	<u>-1,299,998.00</u>
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Total Fixed Assets 1,700,002.00

TOTAL ASSETS 2,260,903.39

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

200000 · Accounts Payable	<u>9,480.00</u>
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Total Accounts Payable 9,480.00

Other Current Liabilities

220000 · Accrued Interest	19,810.27
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255000 · Unearned Revenue	<u>24,931.00</u>
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Total Other Current Liabilities 44,741.27

Total Current Liabilities 54,221.27

Long Term Liabilities

260000 · NP SCCB (439k) Loan	88,559.15
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285000 · Bonds Payable Z2	1,315,000.00
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286000 · Bonds Payable Discount Z2	-52,250.00
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286500 · Amort. Bond Discount Z2	<u>26,641.00</u>
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Total Long Term Liabilities 1,377,950.15

Total Liabilities 1,432,171.42

Equity

30000 · Opening Balance Equity	607,356.35
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32000 · Retained Earnings	203,352.89
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Net Income	<u>18,022.73</u>
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Total Equity 828,731.97

TOTAL LIABILITIES & EQUITY 2,260,903.39

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

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

	Zone 1		
	Jul - Dec 17	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
410000 · Assessment Income	71,934	71,939	(5)
410050 · Assess. Income PDA Stairs	4,378	4,378	
Total Income	<u>76,312</u>	<u>76,317</u>	<u>(5)</u>
Expense			
610155 · Postage and Mailings	2	656	(654)
615140 · Audit Expense	7,500	7,983	(483)
61518 · Clerk	1,641	2,520	(879)
615415 · Accounting	8,207	11,075	(2,868)
615416 · Assessment Admin. Expense	5,121	8,241	(3,120)
615617 · Website Maintenance	300	1,033	(733)
615650 · Officer Election		2,060	(2,060)
615656 · Board/Clerk Education		1,030	(1,030)
616500 · Legal Fees	5,320	4,636	684
619010 · Technical Consulting Costs	9,283		
628500 · Insurance Expense	6,498	6,695	(197)
629030 · SBA Repayment to PHA Z2			
650000 · Bank Service Charges			
750000 · Depreciation Expense Z2			
Total Expense	<u>43,872</u>	<u>45,929</u>	<u>(2,057)</u>
Net Ordinary Income	<u>32,440</u>	<u>30,388</u>	<u>2,052</u>
Other Income/Expense			
Other Income			
410070 · Interest & Penalty Income	1,686	25	1,661
Total Other Income	<u>1,686</u>	<u>25</u>	<u>1,661</u>
Other Expense			
855000 · Interest Expense	2,592	2,591	1
955500 · Interest Bond Discount			
Total Other Expense	<u>2,592</u>	<u>2,591</u>	<u>1</u>
Net Other Income	<u>(906)</u>	<u>(2,566)</u>	<u>1,660</u>
Net Income	<u><u>31,534</u></u>	<u><u>27,822</u></u>	<u><u>3,712</u></u>

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

	Zone 2		
	Jul - Dec 17	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
410000 · Assessment Income	118,536	118,547	(11)
410050 · Assess. Income PDA Stairs	1,882	1,882	
Total Income	<u>120,418</u>	<u>120,429</u>	<u>(11)</u>
Expense			
610155 · Postage and Mailings			
615140 · Audit Expense			
61518 · Clerk	452	1,360	(908)
615415 · Accounting			
615416 · Assessment Admin. Expense	313	1,030	(717)
615617 · Website Maintenance			
615650 · Officer Election			
615656 · Board/Clerk Education			
616500 · Legal Fees			
619010 · Technical Consulting Costs			
628500 · Insurance Expense			
629030 · SBA Repayment to PHA Z2	46,428	46,428	
650000 · Bank Service Charges	203		
750000 · Depreciation Expense Z2	49,998	50,000	(2)
Total Expense	<u>97,394</u>	<u>98,818</u>	<u>(1,424)</u>
Net Ordinary Income	<u>23,024</u>	<u>21,611</u>	<u>1,413</u>
Other Income/Expense			
Other Income			
410070 · Interest & Penalty Income	71	75	(4)
Total Other Income	<u>71</u>	<u>75</u>	<u>(4)</u>
Other Expense			
855000 · Interest Expense	35,562	35,563	(1)
955500 · Interest Bond Discount	1,044	1,044	
Total Other Expense	<u>36,606</u>	<u>36,607</u>	<u>(1)</u>
Net Other Income	<u>(36,535)</u>	<u>(36,532)</u>	<u>(3)</u>
Net Income	<u><u>(13,511)</u></u>	<u><u>(14,921)</u></u>	<u><u>1,410</u></u>

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

	TOTAL		
	Jul - Dec 17	Budget	\$ Over Budget
Ordinary Income/Expense			
Income			
410000 · Assessment Income	190,470	190,486	(16)
410050 · Assess. Income PDA Stairs	6,260	6,260	
Total Income	<u>196,730</u>	<u>196,746</u>	<u>(16)</u>
Expense			
610155 · Postage and Mailings	2	656	(654)
615140 · Audit Expense	7,500	7,983	(483)
61518 · Clerk	2,093	3,880	(1,787)
615415 · Accounting	8,207	11,075	(2,868)
615416 · Assessment Admin. Expense	5,434	9,271	(3,837)
615617 · Website Maintenance	300	1,033	(733)
615650 · Officer Election		2,060	(2,060)
615656 · Board/Clerk Education		1,030	(1,030)
616500 · Legal Fees	5,320	4,636	684
619010 · Technical Consulting Costs	9,283		9,283
628500 · Insurance Expense	6,498	6,695	(197)
629030 · SBA Repayment to PHA Z2	46,428	46,428	
650000 · Bank Service Charges	203		203
750000 · Depreciation Expense Z2	49,998	50,000	(2)
Total Expense	<u>141,266</u>	<u>144,747</u>	<u>(3,481)</u>
Net Ordinary Income	<u>55,464</u>	<u>51,999</u>	<u>3,465</u>
Other Income/Expense			
Other Income			
410070 · Interest & Penalty Income	1,757	100	1,657
Total Other Income	<u>1,757</u>	<u>100</u>	<u>1,657</u>
Other Expense			
855000 · Interest Expense	38,154	38,154	0
955500 · Interest Bond Discount	1,044	1,044	
Total Other Expense	<u>39,198</u>	<u>39,198</u>	<u>0</u>
Net Other Income	<u>(37,441)</u>	<u>(39,098)</u>	<u>1,657</u>
Net Income	<u><u>18,023</u></u>	<u><u>12,901</u></u>	<u><u>5,122</u></u>

5:30 PM
 02/06/18
 Accrual Basis

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

Type	Date	Num	Name	Debit	Credit	Balance
100000 · SCCB Zone 1 - 3957						30,570.21
Bill Pmt -Check	11/21/2017	1307	Jarvis, Fay, Doport & Gibson, LLP		140.00	30,430.21
Bill Pmt -Check	11/21/2017	1308	Sarah Mansergh		475.35	29,954.86
Bill Pmt -Check	11/21/2017	1309	Wendy L. Cumming, CPA		3,795.00	26,159.86
Bill Pmt -Check	11/21/2017	1310	ARUP North America, LTD		9,282.63	16,877.23
Total 100000 · SCCB Zone 1 - 3957				0.00	13,692.98	16,877.23
100001 · SCCB Zone 2 - 3965						35,660.23
Bill Pmt -Check	11/21/2017	1276	Pelican Home Owner's Association		7,738.00	27,922.23
Bill Pmt -Check	11/21/2017	1277	Sarah Mansergh		58.65	27,863.58
Total 100001 · SCCB Zone 2 - 3965				0.00	7,796.65	27,863.58
100003 · SCCB LTD- 0208						62,766.89
Deposit	11/30/2017			5.16		62,772.05
Deposit	12/31/2017			5.33		62,777.38
Total 100003 · SCCB LTD- 0208				10.49	0.00	62,777.38
100400 · Union Bank Bond Holding						254,940.89
Check	11/30/2017				31.90	254,908.99
Deposit	11/30/2017			10.47		254,919.46
Check	12/31/2017				54.00	254,865.46
Deposit	12/31/2017			10.12		254,875.58
Total 100400 · Union Bank Bond Holding				20.59	85.90	254,875.58
TOTAL				31.08	21,575.53	362,393.77



SINCE 1908

INSURANCE

1006 Freedom Blvd • P.O. Box 310
Watsonville, CA 95077

PHONE (831) 724-1085
FAX (831) 724-1089

January 23, 2018

Pajaro Dunes Geologic Hazard Abatement District
c/o Sarah Mansergh
134 Landis Ave.
Freedom, CA 95019

Re: Directors and Officers through Allied World Surplus Lines Ins. Co.
Policy No: 0202-5977

Dear Board of Directors:

Indian Harbor Insurance Company has offered you a **Directors and Officers** policy for an annual premium of **\$11,591.68**.

Please review this proposal, including exclusions and limitations. If there are changes to be made, please contact our office. Optional coverage and endorsements may be available, some for an additional charge, should insurance needs change. Higher limits may also be available. All coverages are subject to the insurance company's underwriting requirements and the placement of additional protection must be approved.

It is required that you notify us of any additional entities or changes in your operations or exposures including any claims or potential claims. Failure to do so could jeopardize your coverage.

Enclosed, please find the D-1 form, that you need to review, sign and return to our office if you would like to accept this offer. The carrier has also required that we answer the claims history question on the first page of the applications Section II question 2 regarding any knowledge of a potential claim before coverage is bound.

In order to bind the above coverage, please issue a check payable to KBK Insurance Agency for the full-payment in the amount of **\$11,591.68** and mail it to our office along with the signed and completed forms prior to 03/08/2018. Financing is available. If you are interested in financing this premium, please contact me to discuss the options. **Please be advised, this quote and/or policy expire on 3/12/2018. If we do not hear back from you before then, we will close our file.**

Please do not hesitate to call if you have any questions.

Sincerely,

Sondra Carter
Customer Service Representative



CALIFORNIA INSURANCE LIC. # 0426333



SINCE 1908

INSURANCE

1006 Freedom Blvd • P.O. Box 310
Watsonville, CA 95077

PHONE (831) 724-1085
FAX (831) 724-1089

January 23, 2018

Pajaro Dunes Geologic Hazard Abatement District
c/o Sarah Mansergh
134 Landis Ave.
Freedom, CA 95019

*****INVOICE*****

INSURED:	Pajaro Dunes Geologic Hazard Abatement District
PAYMENT FOR:	Directors and Officers Indian Harbor Insurance Company / Proposal
ACCOUNT #:	00004327
EFFECTIVE:	3/12/2018 - 3/12/2019
DESCRIPTION:	Renewal
TOTAL:	\$11,591.68

This amount is immediately due.

*Please make check payable to:
KBK Insurance Agency*



CALIFORNIA INSURANCE LIC. # 0426333



Jan 22, 2018

Sondra Carter
KBK Insurance Agency
1006 Freedom Boulevard
Watsonville, CA 95076

RE: Pajaro Dunes Geologic Hazard Abatement District, Ref# 6462695-A
Proposed Effective 3/12/2018 to 3/13/2018

Dear Sondra:

We are pleased to confirm the attached quotation for **Public Officials Management & Employment Practices Liability** being offered with **Indian Harbor Insurance Company**. This carrier is **Non-Admitted** in the state of **CA**. Please note that this quotation is based on the coverage, terms and conditions as stated in the attached quotation, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this quotation carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms quoted as per the attached and those terms originally requested. The attached quotation may not be bound without a fully executed CRC brokerage agreement.

NOTE: If insured is located outside your resident state, we must receive a copy of your non-resident license prior to binding.

The Insurance Carrier indicated in this quotation reserves the right, at its sole discretion, to amend or withdraw this quotation if it becomes aware of any new, corrected or updated information that is believed to be a material change and consequently would change the original underwriting decision.

Home State: California

The Home State was determined based on the information provided in your submission and the completed Declaration of Home State form. Please ensure the correct Home State is listed. Incorrect information could result in additional or return taxes, fees, surcharges, penalties, interest and assessments at a later date, and in addition to what is shown. Additionally, please note that this is the current tax calculation based on the Home State but there could be changes that result in additional or return tax - due at a later date - based on future enactments of surplus lines laws by any of the various states.

Should coverage be elected as quoted per the attached, Premium and Commission are as follows:

Premium:	\$10,745.00
Broker Fee.	\$250.00
Policy Fee	\$245.00
State Tax	\$329.70
Stamping Fee	\$21.98
Total:	\$11,591.68

Tax Filings are the responsibility of: () Your Agency (X) CRC () Not Applicable

Commission: 10%

Should Pajaro Dunes Geologic Hazard Abatement District elect to bind coverage as per the attached, simply complete the Request to Bind box below and return to our office prior to the requested effective date of coverage. Should you have any questions, please feel free to contact our office.

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as "contingent commissions" or "incentive commissions"), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Financing Insurance Premiums


Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCC & Prime Rate Insurance Premium Finance Companies, which are affiliates of CRC. AFCC provides premium financing solutions for large and mid-size corporate accounts; Prime Rate offers solutions for smaller commercial and personal lines.

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing premiumfinance@afco.com, or call toll-free **866-669-0937** and press **81**. Additional information is available at www.afco.com and www.primeratepfc.com.

Sincerely,

Yolanda Hernandez
Account Executive
415.9518463
YHernandez@crswett.com
6462695

REQUEST TO BIND COVERAGE	
Complete and return to Yolanda Hernandez via email at YHernandez@crswett.com or fax to .	
Submission #: 6462695-A Pajaro Dunes Geologic Hazard Abatement District	
Agency Response:	<input checked="" type="checkbox"/> Yes, please bind as quoted, effective: <u>3/12/18</u>
PREMIUM IS BEING FINANCED BY _____	ACCOUNT # _____
Name of Premium Finance Company	
Signed by: <u></u>	Date: <u>1/23/18</u>
Representative of KBK Insurance Agency	

CONFIDENTIAL

NOTICE:

- I. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED "NONADMITTED" OR "SURPLUS LINE" INSURERS.
- II. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.
- III. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.
- IV. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR "SURPLUS LINE" BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357 OR INTERNET WEB SITE WWW.INSURANCE.CA.GOV. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC'S INTERNET WEB SITE AT WWW.NAIC.ORG.
- V. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE'S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.
- VI. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT

INSURER.

VII CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

VIII IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: _____

Insured: _____

D-1 (Effective January 1, 2017)



**Professional
Governmental
Underwriters, Inc.**
The Authority.

DBA: PGB Insurance Agency CA License #: 0F65220
9020 Stony Point Parkway, Suite 455
P.O. Box 35471
Richmond, VA 23235 www.pgui.com

**Public Officials Management & Employment
Practices Liability**

DBA: PGB Insurance Agency CA license #: 0F65220

Date: 01/22/2018

To: Yolanda P. Hernandez
CRC Swett - San Francisco
Email: yhernandez@crcswett.com

Proposed Insured: Pajaro Dunes Geologic Hazard Abatement District
c/o Sarah Mansergh 134 Landis Avenue
Freedom, CA 95019

Application #: 0202-5977-REN

Thank you very much for your submission. Based upon the information received and subject to the limitations outlined below, we are pleased to offer the following:

QUOTATION

Coverage: See coverage form PGU POL 2001 (04/2017) for terms, conditions and limitations

Form: Claims Made

Retro Date: None - Full Prior Acts

Insurer Information: Indian Harbor Insurance Company
A Member of the XL Catlin Group of Companies
Best Rating: A XV
Surplus Lines Insurer

Filings / Taxes: Broker Handles Filings

Commission: 10%

Quotation / Indication valid until: 3/12/2018

If we are offering coverage on a surplus lines basis, the agent is responsible for handling of filings unless we note otherwise on this quotation. If we have provided terms using bid specifications or an application other than ours, the quote is subject to change pending review of a completed and signed PGU application.

Public Officials Management & Employment Practices Liability

Proposed Insured: Pajaro Dunes Geologic Hazard Abatement District

Terms	Limits	Retentions each claim including LAE	Premium
Public Officials Management	\$1,000,000	\$10,000	\$4,719.00
Employment Practices Liability	\$1,000,000	\$25,000	Included
Policy Aggregate	\$1,000,000		
Non-Monetary Coverage - Defense Only	\$50,000	\$10,000	Included
Non-Monetary Coverage - Defense Only Aggregate	\$100,000		
Crisis Management	\$25,000	\$5,000	Included
 Features/Enhancements			
Punitive Damages		See Retentions Above	Included
Personal Injury		See Retentions Above	Included
Third Party Wrongful Acts		See Retentions Above	Included
Back Pay / Front Pay		See Retentions Above	Included
Loss of Earnings		See Retentions Above	Included
<p>Premium is subject to 3.2% taxes/fees. Premium is 25% fully earned and payable within 20 days of the effective date. Swett & Crawford Broker Fee: \$250.00</p>			
 Optional Increased Limits			Additional Premium
	2,000,000 CSL		\$1,526.00
	3,000,000 CSL		\$1,500.00
	4,000,000 CSL		\$1,500.00
	5,000,000 CSL		\$1,500.00
 Premium, Fees and Taxes			
<div style="display: flex; justify-content: space-between;"> Total Premium: \$10,745.00 </div> <div style="display: flex; justify-content: space-between;"> Policy Fee \$245.00 </div>			
Total Cost:			\$10,990.00
 Comments:			
<p>By purchasing this coverage, you will have the opportunity to register for our EPL Risk Management Website where you will be able to access up-to-date articles and information, live online and on-demand seminars, as well as on-demand and live online training on topics every EPL insured needs. You will also be provided with a toll-free EPL Loss Prevention Hotline to access our EPL Risk Management Specialists if you have questions on employment related issues or believe you may have an issue that could potentially lead to a future claim. Insureds can access these services throughout the policy period at no additional cost.</p>			

Public Officials Management & Employment Practices Liability

Proposed Insured: Pajaro Dunes Geologic Hazard Abatement District

SUBJECTIVITIES - WE MUST BE PROVIDED WITH THESE ITEMS BEFORE COVERAGE CAN BE BOUND:
Answer question #2 in Section II: Claims History of the app.

Reminders:

A written request is required to bind coverage.

Backdating of coverage is not allowed.

See attached Coverage Features attachment for additional information.

Limits, retentions, terms and conditions quoted do not necessarily match those requested.

This proposal contains a brief outline of coverages to be included in any policy that may be issued in the future.

This is only a summary and the Terms and Conditions of any policy will take precedence over any proposal.

Minimum Earned Premium is the GREATER of \$1,500 or 25% of annual premium.

We will not cancel flat after inception date.

Engineering Fee is non-refundable.

Applicable Forms: (Other forms may apply. Consult Underwriter for details.)

PN CA 02 01 17	Import Information to Policyholders - California
PN CA 05 01 17	Notice to Policyholder - California Surplus Lines Notice
PGU POL 2000 04 17	Public Officials and Employment Practices Liability Declarations
IL MP 9104 0314 IHIC 03 14	In Witness
PGU 2002 04 17	Schedule of Policy Forms and Endorsements
PGU POL 2001 04 17	Public Officials and Employment Practices Liability Insurance Policy
PGU 1052 (POL) 04 17	Minimum Earned Premium Upon Cancellation
XL-CASOP 11 10	Service of Process
PN CW 01 09 15	Notice to Policyholders - Fraud Notice
PN CW 02 10 15	Notice to Policyholders - Privacy Policy
PN CW 05 09 14	Notice to Policyholders - U.S. Treasury Department's Office of Foreign Assets Control ("OFAC")



**Professional
Governmental
Underwriters, Inc.**
The Authority.

9020 Stony Point Parkway
Suite 455
Richmond, VA 23235

Public Officials Management & Employment Practices Liability

Coverage Features	We welcome a comparison!	
	PGU - The Authority	The Others
Defense in Addition to Limit	X	
Covers D&O, E&O and EPL	x	
Sublimit for Defense for Non-Monetary claims	x	
Modified Consent to Settle Clause with only 40% co-insurance requirement for insured	X	
Business Invitee (Third Party) Liability covering Harrassment, Discrimination and Invasion of Privacy	x	
Broad definition of Loss including Back and Front Pay and Punitive Damages with a most favorable venue	x	
Broad definition of Wrongful Act including Personal Injury	x	
Broad definition of Claim including coverage for regulatory proceedings, arbitration hearings and EEOC hearings, subject to exclusions	x	
Severability of the Application for all individual insureds for all exclusions (not just personal profit and fraud exclusions)	x	
75-day free mini-tail	x	
Bi-Lateral ERP options of 1, 2 and 3 years	x	
Policy Non-Cancelable mid-term by carrier, except for non-payment of premium	x	
True Worldwide Coverage	x	
Sub-limit for Wage & Hour (FLSA)	Optional	
Sub-limit for Crisis Management	x	
EPL Loss Prevention Hotline and EPL Risk Management website for employment law and HR support.	x	

This document is intended to summarize key coverage features generally available. It does not summarize your quotation / indication. Please review the entire quotation / indication and policy form and endorsements for specific details.



**Professional
Governmental
Underwriters, Inc.**
The Authority.



Employment Practices (EPL) Loss Prevention Hotline

Professional Governmental Underwriters (PGU) has partnered with XL Catlin and The McCalmom Group, Inc., to provide an EPL Loss Prevention Hotline to all EPL insureds. The McCalmom Group provides workplace solutions to thousands of employers, large and small, within and outside the United States. With McCalmom, your clients will receive up-to-date articles and information, live online and on-demand seminars, as well as on-demand and live online training on topics every EPL insured needs.

The EPL Loss Prevention Hotline is a service that provides best practice consultation on how to effectively manage employee relations and address day-to-day workplace incidents and concerns including:

- Termination
- Discipline
- Hiring
- Responding to incidents of wrongdoing
- Threats of litigation
- Crisis management
- Lowering exposure, and
- Other events that can occur in the workplace.

EPL Risk Management Website

As a PGU / XL Catlin EPL policyholder, your client will have access to our new online resource containing a wealth of EPL risk management tools and technical resources that can assist with EPL risk management, loss prevention and litigation avoidance.

Through a secure login, all clients will be able to access:

- **News Center:** articles and commentary discussing trends, risk management guidance and helpful industry links.
- **Model Policies and Procedures:** Gain access to a comprehensive sample Employee handbook, model policies available in English and Spanish, which include sexual harassment, employment at-will, conflict of interest and even workplace violence policies among others. Users can edit, print or download for use in the workplace.
- **Employee On-Demand Training:** Includes *Best Practices for Preventing Workplace Sexual Harassment for Managers and Supervisors* and *Risks and Solutions- Preventing Sexual Harassment*
- **Model Forms:** Forms include a template for an application for employment, commendation, exit interview, incident report, performance review and reprimand and warning forms. Users can edit, print or download for use in the workplace.

We encourage all policyholders to access this valuable free service.

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California Special Districts Association
Districts Stronger Together

California Special Districts Association
 1112 I Street, Suite 200
 Sacramento, CA 95814
 Phone: 877.924.2732 Fax: 916.520.2470
 www.csda.net

2018 CSDA MEMBERSHIP RENEWAL

To: Pajaro Dunes Geologic Hazard Abatement District PO Box 1531 Capitola, CA 95010	Membership ID;	47255
	Issue Date	1/2/2018
	Due Date:	December 31, 2017
Membership Dues - RM-Regular Member		\$167.00
Additional Opportunities		
\$25 - 2018 Required State & Federal Labor Law Poster		\$
Total		\$
PAYMENT (Credit card payments may be made online at www.csda.net , by fax or phone)		
Account Name:		Account Number:
Expiration Date		Auth Signature

Please return this form with payment to CSDA Member Services, 1112 I Street, Suite 200, Sacramento, CA 95814.

OBRA 1993 prohibits taxpayers from deducting, for federal income tax purposes, the portion of membership dues that are allocable to the lobbying activities of trade organizations. The nondeductible portion of your dues is estimated to be 8%.

To view dues categories, please visit the CSDA transparency page at www.csda.net.

Thank you for being a CSDA Member!



PAJARO DUNES ASSOCIATION

February 2, 2018

Bob Moore
President
Pajaro Dunes Geologic Hazard Abatement District
2661 Beach Road Bldg 1
Watsonville, CA 95076

Dear Bob:

This letter is formal response from the Pajaro Dunes Association Board of Directors (Association) to your request that the Association sign an agreement for a line of credit.

The Association recognized the GHAD is an integral part of Pajaro Dunes governance and it is in everyone's best interest that GHAD succeed. However, the Association is unable to honor your request at this time. There is concern that if the Association were to take this action it could have a negative impact on the assessment election.

Should there be an emergency prior to GHAD's successful assessment election, the Association will hold an emergency meeting to take action to assist. The Association will likely ask affected homeowners to contribute towards the effort should the need arise.

Please take comfort in knowing that we are with you in this effort.

Sincerely,

Bob Scranton
President
Pajaro Dunes Association

SUPPLEMENTAL SUPPORT FOR 218 BUDGET CALCULATIONS

Administrative and Operating Expenses	<u>Notes</u>	<u>Zone 1</u>		<u>Zone 2</u>	
General and Administrative Expenses					
Printing and mailings	(A)	\$ 7,425		\$ -	
Communications and Website maintenance	(B)	5,400		-	
Office Supplies	(C)	550		-	
Advertising	(D)	2,200		-	
Insurance	(E)	10,000		-	
Membership Dues	(F)	1,650		-	
Total General and Administrative Expenses		27,225	8.9%	-	0.0%
Professional Services					
Legal Consultant	(G)	18,000		-	
Contract costs for Assessment calculations	(H)	8,000		1,000	
Audit Fees	(I)	10,000		-	
Accountant Contract	(J)	18,315			
Engineer Fees	(K)	12,000			
Clerk Contract/Admin. & Outreach	(L)	8,400		2,500	
Total Professional Services		74,715	24.4%	3,500	86.4%
Special District Compliance Costs					
Elections	(M)	2,475		-	
Board and Clerk Training	(N)	2,200		-	
Total Special District Compliance Costs		4,675	1.5%	-	0.0%
Seawall and River Wall Annual Inspection	(O)	24,450	8.0%	550	13.6%
Total Administrative and Operating Expenses		131,065	42.8%	4,050	100.0%
Capital Repair Costs/Expenses and Reserve	(P)	175,000	57.2%	-	0.0%
Total Proposed Budgets		\$ 306,065	100.0%	\$ 4,050	100.0%

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

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

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

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

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

November 15, 2017

GHAD Budget by Benefit Category	Zone 1 Annual Budget						
Category	Proportional Benefit	General & Administration Assessment Amount	Reserve Assessment Amount	No. of Units	Annual Payment per Unit	Monthly Payment	
Row 1 Houses	64.12%	\$ 84,037.57	\$ 112,208.25	67	\$ 2,929.04	\$	244.09
Row 2 Houses	7.57%	\$ 9,919.00	\$ 13,244.00	44	\$ 526.43	\$	43.87
Row 3,4 & 5 Houses	3.76%	\$ 4,928.04	\$ 6,580.00	40	\$ 287.70	\$	23.98
Cypress Townhomes	11.85%	\$ 15,524.65	\$ 20,728.75	23	\$ 1,576.23	\$	131.35
Pelican Condominiums	10.18%	\$ 13,341.11	\$ 17,813.25	87	\$ 358.10	\$	29.84
PDA Stairs	2.53%	\$ 3,314.63	\$ 4,425.75	1	\$ 7,740.38	\$	645.03
Total:		<u>\$ 131,065.00</u>	<u>\$ 175,000.00</u>	<u>262</u>			

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

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

November 15, 2017

GHAD Budget by Benefit Category	Zone 2 Annual Budget				
Category	Proportional Benefit	General & Administration Assessment Amount	No. of Units	Annual Payment	Monthly Payment
Pelican Condominiums	99.47%	\$ 4,028.54	87	\$ 46.31	\$ 3.86
PDA Stairs	0.53%	\$ 21.46	1	\$ 21.46	\$ 1.79
Total:		\$ 4,050.00	88		

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

Pajaro Dunes Geologic Hazard
Abatement District

Pajaro Dunes

Engineer's Report

Draft 02 | February 6, 2018

DRAFT

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

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

Job number 217563-00

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

ARUP

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Table 2	Summary of Annual Assessments – Fiscal Year 2018/19
Table 3	Proposed GHAD Budget by Benefit Categories

Figures

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

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

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

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

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

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



Martin Walker PE, GE
Associate

February 6, 2018
Date

1 Description of Improvement and District Administrative and Operating Expenses

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

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

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

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

2 Cost Estimate

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

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

It is worth noting that The Capital Repair Cost/Expenses and Reserve Fund will be capped at \$600,000. Once the fund reaches \$600,000, no new assessment will be collected in subsequent years for said fund unless and until the funds are used for their stated purpose. The Fund will also be kept in a separate account from other District funds.

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

Expenditure Projections	Budget	Budget	Fiscal Year	Fiscal Year
	Zone 1	Zone 2	Zone 1	Zone 2
Category 1: General and Administrative Expenses				
Total Category 1:	\$27,225	–	\$27,225	–
Category 2: Professional Services				
Total Category 2:	\$74,715	\$3,500	\$74,715	\$3,500
Category 3: Special District Compliance Costs				
Total Category 3:	\$4,675	–	\$4,675	–
Category 4: Annual Inspections				
Seawall and River Wall Annual Inspection	\$24,450	\$550	\$24,450	\$550
Total Category 4:	\$24,450	\$550	\$24,450	\$550
Category 5: Capital Repair Expenses and Reserve				
Capital Repair Costs/Expenses and Reserve	\$175,000	–	\$175,000	–
Total Category 5:	\$175,000	–	\$175,000	–
Total Proposed Budget:	\$306,065	\$4,050	\$306,065	\$4,050
*Assessments will be subject to a 2.6% annual increase and a 1% County collection fee. 2.6% is based on a ten-year average for the Consumer Price Index, All Bay Area Urban Consumers				
**Regarding the reserve fund unused monies will be set aside for future emergency events and corresponding expenses. The goal is to maintain a minimum of \$600,000 for such events and expenses.				

3 Cost Allocation

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

Table 2 Summary of Annual Assessments – Fiscal Year 2018/19

Assessment Roll (Fiscal Year 2018/19)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
Houses					
H 1	052-281-05	0.00968	\$2,962.63	N/A	\$2,962.63
H 2	052-281-06	0.00991	\$3,032.95	N/A	\$3,032.95
H 3	052-281-07	0.00991	\$3,032.95	N/A	\$3,032.95
H 4	052-281-08	0.01198	\$3,665.83	N/A	\$3,665.83
H 5	052-281-09	0.00998	\$3,054.35	N/A	\$3,054.35
H 6	052-281-10	0.00991	\$3,032.95	N/A	\$3,032.95
H 7	052-281-11	0.01062	\$3,250.02	N/A	\$3,250.02
H 8	052-281-12	0.00921	\$2,818.93	N/A	\$2,818.93
H 9	052-281-13	0.00921	\$2,818.93	N/A	\$2,818.93
H 10	052-281-14	0.00991	\$3,032.95	N/A	\$3,032.95
H 11	052-281-15	0.01062	\$3,250.02	N/A	\$3,250.02
H 12	052-281-16	0.01133	\$3,467.10	N/A	\$3,467.10
H 13	052-281-17	0.01091	\$3,338.69	N/A	\$3,338.69
H 14	052-281-18	0.01247	\$3,815.65	N/A	\$3,815.65
H 15	052-281-19	0.01416	\$4,335.40	N/A	\$4,335.40
H 16	052-281-20	0.00172	\$525.87	N/A	\$525.87
H 17	052-281-21	0.00094	\$287.40	N/A	\$287.40
H 18	052-281-22	0.00172	\$525.87	N/A	\$525.87
H 19	052-281-24	0.00172	\$525.87	N/A	\$525.87
H 20	052-281-25	0.00172	\$525.87	N/A	\$525.87
H 21	052-281-26	0.00094	\$287.40	N/A	\$287.40
H 22	052-281-27	0.00094	\$287.40	N/A	\$287.40
H 23	052-281-28	0.00094	\$287.40	N/A	\$287.40
H 24	052-281-29	0.00094	\$287.40	N/A	\$287.40
H 25	052-281-30	0.00094	\$287.40	N/A	\$287.40
H 26	052-281-32	0.00094	\$287.40	N/A	\$287.40
H 27	052-281-33	0.00094	\$287.40	N/A	\$287.40
H 28	052-281-34	0.00172	\$525.87	N/A	\$525.87
H 29	052-281-39	0.00094	\$287.40	N/A	\$287.40
H 30	052-281-38	0.00094	\$287.40	N/A	\$287.40
H 31	052-281-37	0.00094	\$287.40	N/A	\$287.40
H 32	052-281-36	0.00172	\$525.87	N/A	\$525.87

Assessment Roll (Fiscal Year 2018/19)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
H 33	052-281-35	0.00172	\$525.87	N/A	\$525.87
H 34	052-281-02	0.00094	\$287.40	N/A	\$287.40
H 35	052-281-03	0.00094	\$287.40	N/A	\$287.40
H 36	052-281-04	0.00172	\$525.87	N/A	\$525.87
H 37	052-291-17	0.00172	\$525.87	N/A	\$525.87
H 38	052-291-01	0.00172	\$525.87	N/A	\$525.87
H 39	052-291-02	0.00172	\$525.87	N/A	\$525.87
H 40	052-291-03	0.00850	\$2,601.85	N/A	\$2,601.85
H 41	052-291-04	0.00850	\$2,601.85	N/A	\$2,601.85
H 42	052-291-05	0.00850	\$2,601.85	N/A	\$2,601.85
H 43	052-291-06	0.00850	\$2,601.85	N/A	\$2,601.85
H 44	052-291-07	0.00850	\$2,601.85	N/A	\$2,601.85
H 45	052-291-08	0.00850	\$2,601.85	N/A	\$2,601.85
H 46	052-291-09	0.00850	\$2,601.85	N/A	\$2,601.85
H 47	052-291-10	0.00850	\$2,601.85	N/A	\$2,601.85
H 48	052-291-11	0.00850	\$2,601.85	N/A	\$2,601.85
H 49	052-291-12	0.00172	\$525.87	N/A	\$525.87
H 50	052-291-13	0.00172	\$525.87	N/A	\$525.87
H 51	052-291-14	0.00172	\$525.87	N/A	\$525.87
H 52	052-291-16	0.00172	\$525.87	N/A	\$525.87
H 53	052-291-15	0.00094	\$287.40	N/A	\$287.40
H 54	052-601-11	0.00949	\$2,904.54	N/A	\$2,904.54
H 55	052-601-10	0.00850	\$2,601.85	N/A	\$2,601.85
H 56	052-601-09	0.00921	\$2,818.93	N/A	\$2,818.93
H 57	052-601-08	0.01006	\$3,078.81	N/A	\$3,078.81
H 58	052-601-07	0.00989	\$3,026.83	N/A	\$3,026.83
H 59	052-301-15	0.00992	\$3,036.01	N/A	\$3,036.01
H 60	052-301-16	0.00992	\$3,036.01	N/A	\$3,036.01
H 61	052-301-02	0.00172	\$525.87	N/A	\$525.87
H 62	052-301-03	0.00172	\$525.87	N/A	\$525.87
H 63	052-601-02	0.00172	\$525.87	N/A	\$525.87
H 64	052-601-03	0.00172	\$525.87	N/A	\$525.87
H 65	052-601-04	0.00094	\$287.40	N/A	\$287.40
H 66	052-601-05	0.00094	\$287.40	N/A	\$287.40
H 67	052-601-06	0.00172	\$525.87	N/A	\$525.87
H 68	052-291-20	0.00850	\$2,601.85	N/A	\$2,601.85
H 69	052-291-21	0.00850	\$2,601.85	N/A	\$2,601.85
H 70	052-291-22	0.00850	\$2,601.85	N/A	\$2,601.85
H 71	052-291-24	0.00850	\$2,601.85	N/A	\$2,601.85
H 72	052-291-25	0.00850	\$2,601.85	N/A	\$2,601.85
H 73	052-291-26	0.00850	\$2,601.85	N/A	\$2,601.85
H 74	052-291-27	0.00850	\$2,601.85	N/A	\$2,601.85

Assessment Roll (Fiscal Year 2018/19)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
H 75	052-291-29	0.00850	\$2,601.85	N/A	\$2,601.85
H 76	052-291-30	0.00850	\$2,601.85	N/A	\$2,601.85
H 77	052-291-31	0.00850	\$2,601.85	N/A	\$2,601.85
H 78	052-291-32	0.00850	\$2,601.85	N/A	\$2,601.85
H 79	052-291-34	0.00850	\$2,601.85	N/A	\$2,601.85
H 80	052-291-35	0.00850	\$2,601.85	N/A	\$2,601.85
H 81	052-292-01	0.00172	\$525.87	N/A	\$525.87
H 82	052-292-02	0.00172	\$525.87	N/A	\$525.87
H 83	052-292-03	0.00172	\$525.87	N/A	\$525.87
H 84	052-292-04	0.00172	\$525.87	N/A	\$525.87
H 85	052-292-05	0.00172	\$525.87	N/A	\$525.87
H 86	052-292-06	0.00172	\$525.87	N/A	\$525.87
H 87	052-292-07	0.00172	\$525.87	N/A	\$525.87
H 88	052-292-08	0.00172	\$525.87	N/A	\$525.87
H 89	052-292-09	0.00172	\$525.87	N/A	\$525.87
H 90	052-321-01	0.01034	\$3,164.42	N/A	\$3,164.42
H 91	052-321-02	0.00906	\$2,773.07	N/A	\$2,773.07
H 92	052-321-03	0.01048	\$3,207.22	N/A	\$3,207.22
H 93	052-321-04	0.00878	\$2,687.46	N/A	\$2,687.46
H 94	052-321-05	0.01034	\$3,164.42	N/A	\$3,164.42
H 95	052-321-06	0.00977	\$2,990.15	N/A	\$2,990.15
H 96	052-321-07	0.00991	\$3,032.95	N/A	\$3,032.95
H 97	052-321-08	0.00991	\$3,032.95	N/A	\$3,032.95
H 98	052-321-09	0.00887	\$2,714.98	N/A	\$2,714.98
H 99	052-321-10	0.00906	\$2,773.07	N/A	\$2,773.07
H 100	052-321-11	0.00991	\$3,032.95	N/A	\$3,032.95
H 101	052-321-12	0.00999	\$3,057.41	N/A	\$3,057.41
H 102	052-321-13	0.00917	\$2,806.70	N/A	\$2,806.70
H 103	052-321-14	0.00935	\$2,861.73	N/A	\$2,861.73
H 104	052-321-15	0.00991	\$3,032.95	N/A	\$3,032.95
H 105	052-321-16	0.01020	\$3,121.61	N/A	\$3,121.61
H 106	052-321-17	0.00935	\$2,861.73	N/A	\$2,861.73
H 107	052-321-18	0.00878	\$2,687.46	N/A	\$2,687.46
H 108	052-321-19	0.00172	\$525.87	N/A	\$525.87
H 109	052-321-20	0.00172	\$525.87	N/A	\$525.87
H 110	052-321-21	0.00172	\$525.87	N/A	\$525.87
H 111	052-321-22	0.00172	\$525.87	N/A	\$525.87
H 112	052-321-23	0.00172	\$525.87	N/A	\$525.87
H 113	052-321-24	0.00094	\$287.40	N/A	\$287.40
H 114	052-321-25	0.00172	\$525.87	N/A	\$525.87
H 115	052-321-26	0.00172	\$525.87	N/A	\$525.87
H 116	052-321-27	0.00172	\$525.87	N/A	\$525.87

Assessment Roll (Fiscal Year 2018/19)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
H 117	052-321-28	0.00172	\$525.87	N/A	\$525.87
H 118	052-321-29	0.00172	\$525.87	N/A	\$525.87
H 119	052-321-30	0.00172	\$525.87	N/A	\$525.87
H 120	052-321-31	0.00172	\$525.87	N/A	\$525.87
H 121	052-321-32	0.00172	\$525.87	N/A	\$525.87
H 122	052-321-33	0.00094	\$287.40	N/A	\$287.40
H 123	052-321-34	0.00094	\$287.40	N/A	\$287.40
H 124	052-321-35	0.00094	\$287.40	N/A	\$287.40
H 125	052-321-36	0.00094	\$287.40	N/A	\$287.40
H 126	052-321-37	0.00094	\$287.40	N/A	\$287.40
H 127	052-321-38	0.00094	\$287.40	N/A	\$287.40
H 128	052-321-39	0.00094	\$287.40	N/A	\$287.40
H 129	052-321-40	0.00094	\$287.40	N/A	\$287.40
H 33	052-321-41	0.00094	\$287.40	N/A	\$287.40
H 131	052-321-42	0.00094	\$287.40	N/A	\$287.40
H 132	052-321-43	0.00094	\$287.40	N/A	\$287.40
H 133	052-321-50	0.00094	\$287.40	N/A	\$287.40
H 134	052-321-49	0.00094	\$287.40	N/A	\$287.40
H 135	052-321-48	0.00094	\$287.40	N/A	\$287.40
H 136	052-321-47	0.00094	\$287.40	N/A	\$287.40
H 137	052-321-46	0.00094	\$287.40	N/A	\$287.40
H 138	052-321-45	0.00094	\$287.40	N/A	\$287.40
H 139	052-321-44	0.00094	\$287.40	N/A	\$287.40
H 140	052-591-07	0.00850	\$2,601.85	N/A	\$2,601.85
H 141	052-591-08	0.00903	\$2,763.90	N/A	\$2,763.90
H 142	052-591-06	0.00172	\$525.87	N/A	\$525.87
H 143	052-591-05	0.00172	\$525.87	N/A	\$525.87
H 144	052-301-70	0.01712	\$5,240.40	N/A	\$5,240.40
H 145	052-301-69	0.00993	\$3,039.06	N/A	\$3,039.06
H 146	052-301-68	0.00977	\$2,990.15	N/A	\$2,990.15
H 147	Common area taxable	0.00094	\$287.40	N/A	\$287.40
H 148	Common area pay direct to PDGHAD	0.00094	\$287.40	N/A	\$287.40
H 149	Common area pay direct to PDGHAD	0.00094	\$287.40	N/A	\$287.40
H 150	Common area pay direct to PDGHAD	0.00094	\$287.40	N/A	\$287.40
H 151	Common area pay direct to PDGHAD	0.00094	\$287.40	N/A	\$287.40
H	Stairs	0.02530	\$7,743.44	N/A	\$7,743.44

Assessment Roll (Fiscal Year 2018/19)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
Cypress Grove Townhomes					
CY 1	052-301-49	0.005147	\$1,575.32	N/A	\$1,575.57
CY 2	052-301-48	0.005147	\$1,575.32	N/A	\$1,575.57
CY 3	052-301-47	0.005147	\$1,575.32	N/A	\$1,575.57
CY 4	052-301-46	0.005147	\$1,575.32	N/A	\$1,575.57
CY 5	052-301-45	0.005147	\$1,575.32	N/A	\$1,575.57
CY 6	052-301-44	0.005147	\$1,575.32	N/A	\$1,575.57
CY 7	052-301-43	0.005147	\$1,575.32	N/A	\$1,575.57
CY 8	052-301-42	0.005147	\$1,575.32	N/A	\$1,575.57
CY 9	052-301-41	0.005147	\$1,575.32	N/A	\$1,575.57
CY 10	052-301-40	0.005147	\$1,575.32	N/A	\$1,575.57
CY 11	052-301-38	0.005147	\$1,575.32	N/A	\$1,575.57
CY 12	052-301-37	0.005147	\$1,575.32	N/A	\$1,575.57
CY 13	052-301-36	0.005147	\$1,575.32	N/A	\$1,575.57
CY 14	052-301-31	0.005147	\$1,575.32	N/A	\$1,575.57
CY 15	052-301-30	0.005147	\$1,575.32	N/A	\$1,575.57
CY 16	052-301-29	0.005147	\$1,575.32	N/A	\$1,575.57
CY 17	052-301-28	0.005147	\$1,575.32	N/A	\$1,575.57
CY 18	052-301-34	0.005147	\$1,575.32	N/A	\$1,575.57
CY 19	052-301-33	0.005147	\$1,575.32	N/A	\$1,575.57
CY 20	052-301-26	0.005147	\$1,575.32	N/A	\$1,575.57
CY 21	052-301-25	0.005147	\$1,575.32	N/A	\$1,575.57
CY 22	052-301-24	0.005147	\$1,575.32	N/A	\$1,575.57
CY 23	052-301-23	0.005147	\$1,575.32	N/A	\$1,575.57
Pelican Point Condominiums					
P 1	052-341-10	0.001184	\$362.38	\$46.84	\$409.22
P 2	052-341-02	0.001184	\$362.38	\$46.84	\$409.22
P 3	052-341-03	0.001184	\$362.38	\$46.84	\$409.22
P 4	052-341-04	0.001184	\$362.38	\$46.84	\$409.22
P 5	052-341-05	0.001184	\$362.38	\$46.84	\$409.22
P 6	052-341-06	0.001184	\$362.38	\$46.84	\$409.22
P 7	052-341-07	0.001184	\$362.38	\$46.84	\$409.22
P 8	052-341-08	0.001184	\$362.38	\$46.84	\$409.22
P 9	052-341-09	0.001184	\$362.38	\$46.84	\$409.22
P 10	052-352-01	0.001184	\$362.38	\$46.84	\$409.22
P 11	052-352-02	0.001184	\$362.38	\$46.84	\$409.22
P 12	052-352-03	0.001184	\$362.38	\$46.84	\$409.22
P 13	052-352-04	0.001184	\$362.38	\$46.84	\$409.22
P 14	052-362-01	0.001184	\$362.38	\$46.84	\$409.22
P 15	052-362-02	0.001184	\$362.38	\$46.84	\$409.22
P 16	052-362-03	0.001184	\$362.38	\$46.84	\$409.22
P 17	052-362-04	0.001184	\$362.38	\$46.84	\$409.22

Assessment Roll (Fiscal Year 2018/19)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
P 18	052-362-05	0.001184	\$362.38	\$46.84	\$409.22
P 19	052-362-06	0.001184	\$362.38	\$46.84	\$409.22
P 20	052-362-07	0.001184	\$362.38	\$46.84	\$409.22
P 21	052-342-01	0.001184	\$362.38	\$46.84	\$409.22
P 22	052-342-02	0.001184	\$362.38	\$46.84	\$409.22
P 23	052-342-03	0.001184	\$362.38	\$46.84	\$409.22
P 24	052-342-04	0.001184	\$362.38	\$46.84	\$409.22
P 25	052-343-01	0.001184	\$362.38	\$46.84	\$409.22
P 26	052-343-02	0.001184	\$362.38	\$46.84	\$409.22
P 27	052-343-03	0.001184	\$362.38	\$46.84	\$409.22
P 28	052-343-05	0.001184	\$362.38	\$46.84	\$409.22
P 29	052-343-06	0.001184	\$362.38	\$46.84	\$409.22
P 30	052-343-07	0.001184	\$362.38	\$46.84	\$409.22
P 31	052-343-08	0.001184	\$362.38	\$46.84	\$409.22
P 32	052-343-09	0.001184	\$362.38	\$46.84	\$409.22
P 33	052-351-26	0.001184	\$362.38	\$46.84	\$409.22
P 34	052-351-11	0.001184	\$362.38	\$46.84	\$409.22
P 35	052-343-04	0.001184	\$362.38	\$46.84	\$409.22
P 36	052-351-22	0.001184	\$362.38	\$46.84	\$409.22
P 37	052-351-25	0.001184	\$362.38	\$46.84	\$409.22
P 38	052-351-24	0.001184	\$362.38	\$46.84	\$409.22
P 39	052-351-12	0.001184	\$362.38	\$46.84	\$409.22
P 40	052-351-13	0.001184	\$362.38	\$46.84	\$409.22
P 41	052-363-01	0.001184	\$362.38	\$46.84	\$409.22
P 42	052-363-02	0.001184	\$362.38	\$46.84	\$409.22
P 43	052-363-03	0.001184	\$362.38	\$46.84	\$409.22
P 44	052-363-04	0.001184	\$362.38	\$46.84	\$409.22
P 45	052-363-05	0.001184	\$362.38	\$46.84	\$409.22
P 46	052-363-06	0.001184	\$362.38	\$46.84	\$409.22
P 47	052-363-07	0.001184	\$362.38	\$46.84	\$409.22
P 48	052-363-08	0.001184	\$362.38	\$46.84	\$409.22
P 49	052-344-01	0.001184	\$362.38	\$46.84	\$409.22
P 50	052-344-02	0.001184	\$362.38	\$46.84	\$409.22
P 51	052-344-03	0.001184	\$362.38	\$46.84	\$409.22
P 52	052-344-05	0.001184	\$362.38	\$46.84	\$409.22
P 53	052-344-06	0.001184	\$362.38	\$46.84	\$409.22
P 54	052-344-07	0.001184	\$362.38	\$46.84	\$409.22
P 55	052-344-08	0.001184	\$362.38	\$46.84	\$409.22
P 56	052-344-09	0.001184	\$362.38	\$46.84	\$409.22
P 57	052-353-01	0.001184	\$362.38	\$46.84	\$409.22
P 58	052-353-02	0.001184	\$362.38	\$46.84	\$409.22
P 59	052-344-04	0.001184	\$362.38	\$46.84	\$409.22

Assessment Roll (Fiscal Year 2018/19)					
Unit	Assessor's Parcel Number	Zone 1 Allocation Factor	Zone 1 Annual Payment	Zone 2 Annual Payment	Total Annual Payment ⁽¹⁾
P 60	052-353-03	0.001184	\$362.38	\$46.84	\$409.22
P 61	052-353-04	0.001184	\$362.38	\$46.84	\$409.22
P 62	052-353-05	0.001184	\$362.38	\$46.84	\$409.22
P 63	052-535-06	0.001184	\$362.38	\$46.84	\$409.22
P 64	052-353-07	0.001184	\$362.38	\$46.84	\$409.22
P 65	052-361-27	0.001184	\$362.38	\$46.84	\$409.22
P 66	052-361-28	0.001184	\$362.38	\$46.84	\$409.22
P 67	052-361-15	0.001184	\$362.38	\$46.84	\$409.22
P 68	052-361-16	0.001184	\$362.38	\$46.84	\$409.22
P 69	052-361-17	0.001184	\$362.38	\$46.84	\$409.22
P 70	052-361-18	0.001184	\$362.38	\$46.84	\$409.22
P 71	052-361-19	0.001184	\$362.38	\$46.84	\$409.22
P 72	052-361-20	0.001184	\$362.38	\$46.84	\$409.22
P 73	052-345-01	0.001184	\$362.38	\$46.84	\$409.22
P 74	052-345-02	0.001184	\$362.38	\$46.84	\$409.22
P 75	052-345-03	0.001184	\$362.38	\$46.84	\$409.22
P 76	052-345-04	0.001184	\$362.38	\$46.84	\$409.22
P 77	052-354-01	0.001184	\$362.38	\$46.84	\$409.22
P 78	052-354-02	0.001184	\$362.38	\$46.84	\$409.22
P 79	052-354-03	0.001184	\$362.38	\$46.84	\$409.22
P 80	052-354-04	0.001184	\$362.38	\$46.84	\$409.22
P 81	052-364-01	0.001184	\$362.38	\$46.84	\$409.22
P 82	052-364-02	0.001184	\$362.38	\$46.84	\$409.22
P 83	052-364-03	0.001184	\$362.38	\$46.84	\$409.22
P 84	052-364-04	0.001184	\$362.38	\$46.84	\$409.22
P 85	052-332-01	0.001184	\$362.38	\$46.84	\$409.22
P 86	052-332-02	0.001184	\$362.38	\$46.84	\$409.22
P	Stairs (counted above)	0	0	\$46.84	\$409.22
Totals			\$306,066.53	\$4,050.00	\$310,116.53

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

4 Cost Allocation Method

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

The improvement to be maintained and operated as a result of the formation of the Pajaro Dunes Geologic Hazards Abatement District is in existence. The

improvement has been installed within or in areas in close proximity to the developed residential lots and condominiums.

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

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

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

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

- i. The attached tables for Zone 1 correctly state the proportionate special benefit derived by each identified parcel in relationship to the total cost of services.
- ii. No assessment is imposed on any parcel which exceeds the reasonable cost of the proportional benefit conferred on that parcel.
- iii. The only benefits assessed are special and any general benefits have been excluded.
- iv. No parcel owned by any governmental agency, the state of California or the United States receives any special benefit from the proposed assessment.

Table 3 Proposed GHAD Budget by Benefit Categories

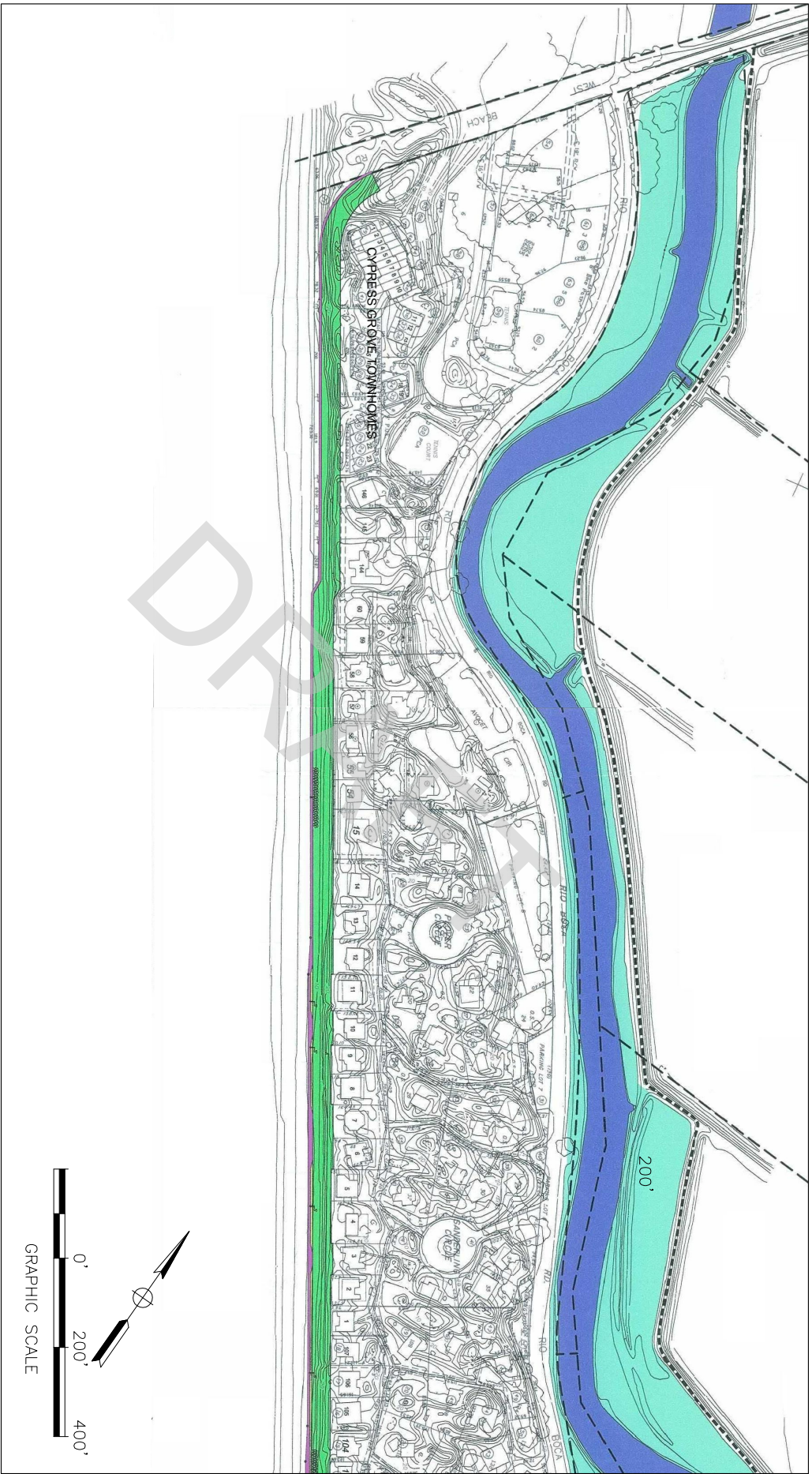
Category	Proportional Benefit	Assessment Amount	No. of Units	Annual Payment	Monthly Payment
Zone 1					
Row 1 Houses	64.133%	\$196,288.67	67	\$5,240.40 to \$2,601.85	\$436.70 to \$216.82
Row 2 Houses	7.545%	\$23,092.60	44	\$524.72	\$43.73
Row 3,4 & 5 Houses	3.772%	\$11,544.77	40	\$288.63	\$24.05
Cypress Grove Townhomes	11.840%	\$36,238.10	23	\$1,575.32	\$131.28
Pelican Point Condominiums	10.180%	\$31,157.42	86	\$362.38	\$30.20
PDA Stairs	2.530%	\$7,743.44	1	\$7,743.44	\$645.29
	Zone 1 Total:	\$306,065.00	261	Zone 1 Annual Budget:	\$306,065.00
Zone 2					
Pelican Point Condominiums	99.470%	\$4,028.54	86	\$46.84	\$3.90
PDA Stairs	0.530%	\$21.46	1	\$21.46	\$1.79
	Zone 2 Total:	\$4,050.00	87	Zone 2 Annual Budget:	\$4,050.00

5 Parcels Map

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

Figures

DRAFT



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

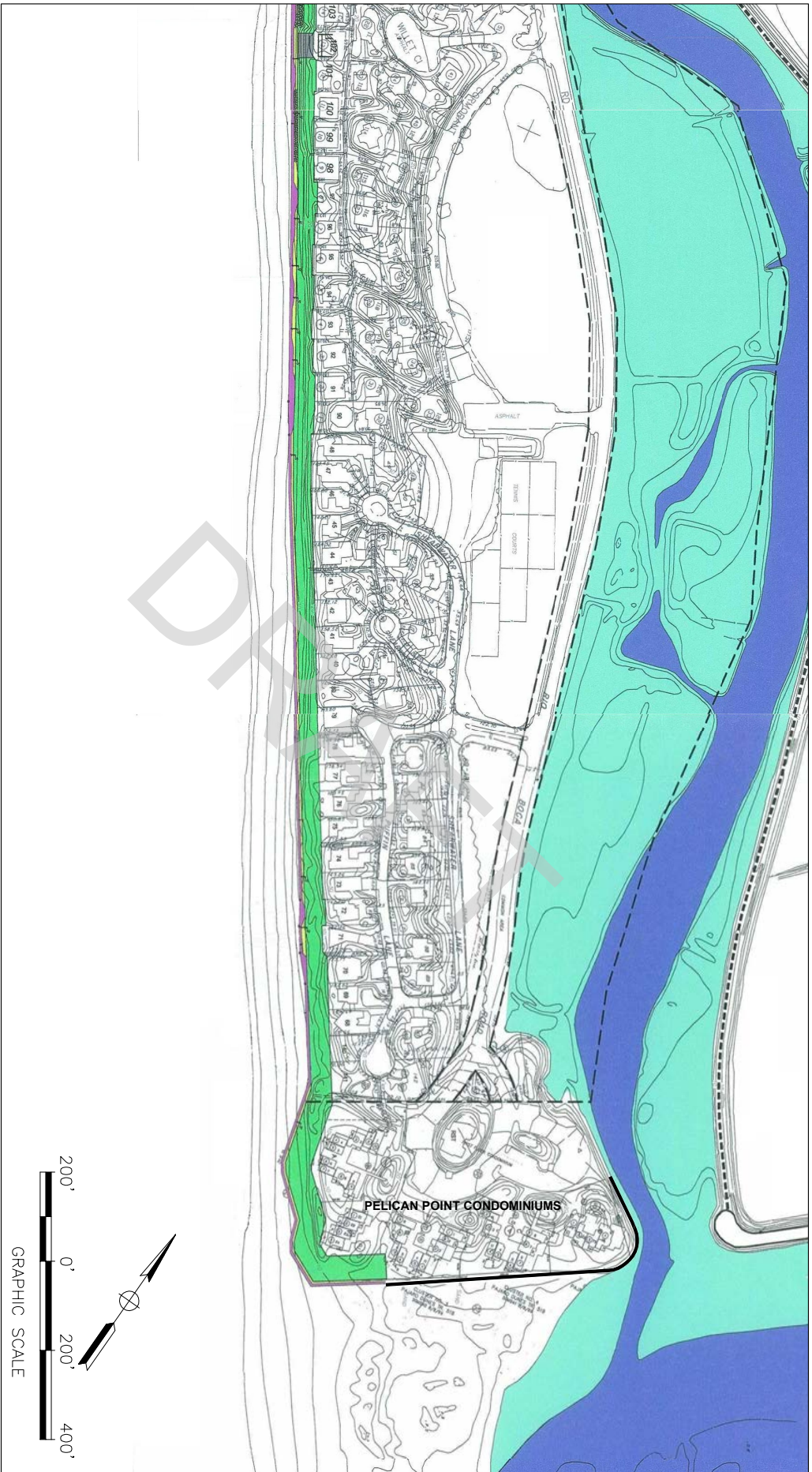
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PROJECT PROPERTIES - NORTH SIDE
 Pajaro Dunes Rock Revayment
 Engineers' Report
 Pajaro Dunes GHAD
 Watsonville, California

February 2018

ARUP

FIGURE 1



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

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PROJECT PROPERTIES - SOUTH SIDE
 Pajaro Dunes Rock Revitment
 Engineer's Report
 Pajaro Dunes GHAD
 Watsonville, California

February 2018

ARUP

FIGURE 2

EXHIBIT A

PROCEDURES FOR ASSESSMENT BALLOTING AND MAJORITY PROTEST HEARING FOR ZONE 1 AND 2 ANNUAL ADMINISTRATIVE AND OPERATING BUDGET

Pajaro Dunes Geologic Hazard Abatement District

Background

The Pajaro Dunes Geologic Hazard Abatement District (“GHAD”) was established in October 1998 pursuant to the provisions of the Geologic Hazard Abatement District Law in Division 17 of the California Public Resources Code. On June 5, 1999, the Board of Directors of the Pajaro Dunes Geologic Hazard Abatement District approved a benefit assessment (for Fiscal Year 2000) to establish and maintain a stable source of funding to pay for the cost and expenses of the maintenance and operation of improvements within the District as described in The Plan of Control approved by the Legislative Body pursuant to Division 17 of the California Public Resources Code. These improvements consist of a rock revetment seawall (Zone 1), designed to reduce damage from a 30-year coastal storm, and a steel sheet piling river wall (Zone 2) designed to reduce damage from a 30-year storm event. While the construction costs for the seawall were paid by the front-row lot owners, the Pelican Point homeowners, and the Cypress Townhouse owners, and the cost of the river wall was paid by the Pelican homeowners, the Pajaro Dunes Geologic Hazard Abatement District has assumed maintenance responsibility for both walls to the extent that District members approve adequate assessments to do so. [Add Pelicans have done their own inspections?]

Zone 1 and 2 Assessment Election for Fiscal Year 2018-2019 and COLA

The Pajaro Dunes GHAD Board is seeking approval of a new assessment, with an annual cost-of-living adjustment (“COLA”), to fund the administrative and operational budget for both Zone 1 and Zone 2. Assessed funds will be used to support District Operations, including costs associated with legal, accounting and engineering services, increased insurance coverage, state mandated compliance expenses, website maintenance, Board training, mailings, and seawall and river wall annual inspections, and will also provide necessary funds to establish maintenance and contingency reserves for future emergency seawall events. The proposed COLA is based on a ten-year average for the Bay Area, All Urban Consumers, Consumer Price Index, or $x.x\%$ annually. If approved, the new annual budget will replace the annual budget approved for District operations by property owners in Zone 1 and Zone 2 in 1999 (which has only been subject to an annual cost of living increase since its adoption). The new proposed combined Administrative and Operating Budget for Zones 1 and 2 commencing in Fiscal Year 2018-2019 is \$xxx,xxx, with administrative expenses being allocated between major groups, Housing, Pelican Point Condominiums, and Cypress Grove Townhouses, and then within groupings by proximity and relationship to the District’s improvements (front-row, second-row and back-row homes), all in accordance with standard cost allocation formulas previously adopted by the Pajaro Dunes GHAD Board and established when the District was created by the County Board

of Supervisors on October 27, 1998.

To obtain the necessary authority for imposition of the new assessment, the Zone 1 members (every member of the District) will receive one ballot to vote on the proposed new Fiscal Year 2018-2019 Zone 1 annual budget of \$xxx,xxx, while the Zone 2 members (the 87 homes in the Pelican grouping) will receive an additional ballot to vote on the proposed new Zone 2 Fiscal Year annual budget of \$x,xxx.

Since the new proposed annual District Budget will increase the assessments for all members of the District, the ballots on this issue will be weighed in proportion to the amount of proportionate benefit, as previously calculated by the District's Engineer, as follows:

Three major groups, Houses, Pelican Condominiums, and Cypress Townhouses, share the costs based on the length of the seawall in front of their respective areas (Cypress 11.84%, Houses 75.45%, Pelican 10.18% and the Association 2.53% for the stairways). Since the Pelican and Cypress groups are condominium associations, they each share their portions of the costs equally among their members. In Zone 1, of the portion of costs allocated to the houses, the front-row houses pay 85%, the second-row houses pay 10%, and the back-row houses pay 5%.

Procedures

The GHAD law requires a mailed notice of adoption of the resolution initiating assessment proceedings and a scheduled protest hearing. Proposition 218, passed by the voters on November 5, 1996, added Article XIID to the California Constitution. Article XIID, Section 4, requires the District to conduct a majority protest/mailed assessment balloting hearing before imposing the assessment.

The following procedures have been adopted by the District Board of Directors to conduct this assessment balloting and majority protest hearing. Where no specific procedures are imposed by Article XIID or Division 17 of California Public Resources Code, these procedures comply with the requirements of other relevant statutory requirements or basic principles of due process to ensure the integrity of the process.

1. The notice and ballot required by Section 26652 of Public Resources Code and by Article XIID, Sections 4 (c) and (d), along with a prepaid, self-addressed return envelope, shall be mailed to all property owners of record within both Zones 1 and 2 of the District at least 45 days prior to the date of the public hearing on the proposed increased assessment. The District Clerk will prepare the list of property owners of record by using the most current listing available from the County Assessor's Office as of **date**.

2. Prior to the noticed public hearing, assessment ballots must be returned by mail or delivered to the Pajaro Dunes Gatehouse, 2661 Beach Road, Watsonville, California 95076, Attn: District Clerk. The ballots may be returned by persons other than the property owner.

3. Ballots must be signed by the property owner of record or authorized representative, under penalty of perjury. Under Article XIID of the California Constitution, the term "property

owner” includes a tenant who is directly liable for payment of the proposed assessment. For properties with more than one owner of record, ballots will be accepted as valid if signed by at least one of the listed owners. The ballots for each property must be returned with either an “in support of” or an “in opposition to” vote. Only ballots with original signatures, not photocopies, will be accepted. Multiple ballots returned for a single parcel of property will be disallowed unless the President is able to determine with certainty which ballot accurately reflects the intended vote of the property owner.

4. The District may issue duplicate or replacement ballots to property owners (for instance where the original is lost or not delivered to the current owner). Such ballots shall be clearly marked as duplicate or replacement ballots and shall be accompanied by sufficient information for the President to verify the location and ownership of the property in question and the identity of the individual casting the ballot to verify its authenticity.

5. Assessment Ballots may be returned until the close of the public hearing to be held at a Pajaro Dunes GHAD Board meeting at the District Board Room, Pajaro Dunes, 2661 Beach Road, Watsonville, California, on **date** at **time** a.m. **[Check location and time.]** Any person having previously returned an assessment ballot may withdraw their ballot or change their vote prior to the close of the public hearing upon providing sufficient proof that they are the property owner of record or authorized agent who cast the ballot.

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

7. The Board President shall determine the validity of all ballots submitted and shall exclude any invalid ballots from the final tabulation. The President shall accept as valid all ballots except those in the following categories:

- the ballot returned is a photocopy and not an original of the authorized signature;
- the ballot has not been signed under penalty of perjury by the owner of record or authorized agent;
- the ballot does not have an identifiable yes or no vote;
- multiple ballots returned for a single parcel of property if it is not possible to determine with certainty which ballot accurately reflects the intended vote of the property owner; or
- other circumstances exist which reasonably demonstrate that the ballot has been tampered with or is otherwise invalid.

The President's decisions regarding this matter shall be final and binding. The Clerk of the District will retain all invalid ballots.

8. Article XIII D of the California Constitution requires that "In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property." If the final tabulation of weighted ballots shows that a majority protest exists, the District Board will not impose the assessment (Article XIID, Section 4 (e)). If no majority protest exists, the District Board may adopt a resolution confirming the assessment. (Public Resources Code Section 26653). The District Clerk will furnish the Santa Cruz County Auditor-Controller with a list of parcel numbers and assessments for each parcel required to pay an assessment, so the assessments can be collected as part of the Santa Cruz County property tax bill. The District Clerk shall record a notice of assessment as provided for in Section 3114 of the Streets and Highways Code, and the assessment shall attach as a lien upon the property, as provided in Section 3115 of the Streets and Highways Code. (Public Resources Code Section 26654).

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EXHIBIT A

IMPORTANT - OFFICIAL ASSESSMENT BALLOT FOR ZONE 1

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

The Pajaro Dunes Geologic Hazard Abatement District (“GHAD”) is seeking approval of an increased assessment, with an annual cost-of-living adjustment (“COLA”), to fund the administrative and operation budget for both Zones 1 and 2. Assessed funds will be used to support District Operations, including costs associated with legal, accounting and engineering services, increased insurance coverage, state mandated compliance expenses, website maintenance, Board training, mailings, and annual seawall and river wall inspections, and will also provide necessary funds to establish a contingency reserve for future emergency seawall maintenance and repair. The proposed COLA is based on a ten-year average for the Bay Area, All Urban Consumers, Consumer Price Index, or **xx%** annually. If approved, the new annual budget will replace the annual budget approved for District Operations by property owners in Zone 1 and Zone 2 in 1999. The new proposed proportionate share of the Budget for Zone 1 in Fiscal Year 2018-2019 is **\$xxx,xxx**, with expenses being allocated between major groups based on the length of the seawall in front of their respective areas, Housing (75.45%), Pelican Point Condominiums (10.18%), Cypress Grove Townhouses (11.84%) and Association-Stairways (2.53%). In accordance with standard cost allocation formulas, previously adopted by the GHAD Board and established when the District was created by the Santa Cruz Board of Supervisors on October 27, 1998, the Pelican and Cypress Groups share their portion of the cost equally among their members, while the portion allocated to houses pays its portion as follows: front-row houses- 85%, second-row houses-10%, and back-row houses-5%.

This ballot is for the use of the owner or authorized representative of the parcel identified below, which parcel is located within Zone 1 of the Pajaro Dunes Geologic Hazard Abatement District. Property ownership includes tenancies of real property where tenants are directly liable to pay future assessment. Please advise the District Clerk, Sarah Mansergh, at 2661 Beach Road, Watsonville, California, 95076, or email at semmansergh@hotmail.com if the name below is incorrect or if you are no longer the owner of this parcel.

This ballot may be used to express either support for or opposition to an assessment for the new proposed Administrative and Operating Budget, which includes an annual COLA to the assessment on an annual basis. To be counted, this ballot must be signed below by an owner or, if the owner is not an individual, by the authorized representative of the owner. The ballot must then be delivered to the District office at 2661 Beach Road, Watsonville, California, 95076, either by mail or in person, as follows:

Mail Delivery: If by mail, place the ballot in the prepaid, self-addressed return envelope and place in it the mail not later than **date**, 2018. Mailing later than this deadline creates the risk that the ballot will not be received in time to be counted.

Personal Delivery: If in person, to the **Gatehouse ballot box**, 2661 Beach Road, Watsonville, California, 95076 at or before the public hearing on **date**, 2018 at 9:00 a.m.

However delivered, the ballot must be received by the District Board President prior to the close of the public hearing on **date**, 2018 at **time** to be counted.

OFFICIAL ASSESSMENT BALLOT

I declare, under penalty of perjury, that I am the legal owner or authorized representative and am entitled to execute this ballot for the parcel shown below, and I hereby cast my vote

IN SUPPORT OF

OR

IN OPPOSITION TO

a new assessment for the Zone 1 proportionate share of the GHAD's Administrative and Operating Budget, which includes an annual COLA based on a ten year average for the Bay Area, All Urban Consumers, Consumer Price Index, and which has been preliminarily established by the GHAD Board as **\$xxx,xxx**.

Date _____

Name (Please Print)

Unit No. _____

Signature of Property Owner or Authorized Representative

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EXHIBIT B

IMPORTANT - OFFICIAL ASSESSMENT BALLOT FOR ZONE 2

PAJARO DUNES GEOLOGIC HAZARD ABATEMENT DISTRICT

The Pajaro Dunes Geologic Hazard Abatement District (“GHAD”) is seeking approval of an increased assessment, with an annual cost-of-living adjustment (“COLA”) to fund the administrative and operation budgets for both Zones 1 and 2. Assessed funds will be used to support District Operations, including costs associated with legal, accounting and engineering services, increased insurance coverage, state mandated compliance expenses, website maintenance, Board training, mailings, and annual seawall and river wall inspections, and will also provide necessary funds to establish a contingency reserves for future emergency seawall maintenance and repair. The proposed COLA is based on a ten-year average for the Bay Area, All Urban Consumers, Consumer Price Index, or **x.x%** annually. If approved, the new annual budget will replace the annual budget approved for District Operations by property owners in Zone 1 and Zone 2 in 1999. The new proposed Budget for Zone 2 in Fiscal Year 2018-2019 is **\$x,xxx**, with expenses being allocated equally between owners of the Pelican Point Condominiums.

This ballot is for the use of the owner or authorized representative of the parcel identified below, which parcel is located within Zone 2 of the Pajaro Dunes Geologic Hazard Abatement District. Property ownership includes tenancies of real property where tenants are directly liable to pay future assessment. Please advise the District Clerk, Sarah Mansergh, at 2661 Beach Road, Watsonville, California, 95076, or email at semmansergh@hotmail.com if the name below is incorrect or if you are no longer the owner of this parcel.

This ballot may be used to express either support for or opposition to an assessment for the new proposed District Administrative and Operating Budget, which includes an annual COLA to the assessment on an annual basis. To be counted, this ballot must be signed below by an owner or, if the owner is not an individual, by the authorized representative of the owner. The ballot must then be delivered to the District office at 2661 Beach Road, Watsonville, California, 95076, either by mail or in person, as follows:

Mail Delivery: If by mail, place the ballot in the prepaid, self-addressed return envelope and place it in the mail not later than **date**, 2018. Mailing later than this deadline creates the risk that the ballot will not be received in time to be counted.

Personal Delivery: If in person, to the District Board Room, 2661 Beach Road, Watsonville, California, 95076 at or before the public hearing on **date**, 2018 at 9:00 a.m.

However delivered, the ballot must be received by the District Board President prior to the close of the public hearing on **date, 2018 at **time** to be counted.**

OFFICIAL ASSESSMENT BALLOT

I declare, under penalty of perjury, that I am the legal owner or authorized representative and am entitled to execute this ballot for the parcel shown below, and I hereby cast my vote

IN SUPPORT OF

OR

IN OPPOSITION TO

a new assessment for the Zone 2's proportionate share of the GHAD's Administrative and Operating Budget, which includes an annual COLA based on a ten year average for the Bay Area, All Urban Consumers, Consumer Price Index, and which has been preliminarily established by the GHAD Board for Fiscal year 2018-2019 at \$x,xxx.

Date _____

Name (Please Print)

Unit No. _____

Signature of Property Owner or Authorized Representative

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