

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**NORTON REGIONAL EVENT CENTER
1601 EAST THIRD STREET, SAN BERNARDINO**

REGULAR MEETING OF MAY 16, 2018

9:00 A.M. – CALL TO ORDER – FLAG SALUTE

ANNOUNCEMENT: Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than \$250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

1. **PUBLIC COMMENTS ON CLOSED SESSION**

2. **CONVENE CLOSED SESSION – Conference Room Adjacent to Event Center:**

Public Employee Appointment Pursuant to Government Code §54957
TITLE: Executive Officer

Conference with Labor Negotiators Per Government Code § 54957.6:
Agency Designated Negotiator: Clark Alsop, LAFCO Legal Counsel
Unrepresented Employee: Executive Officer

3. **RECONVENE PUBLIC SESSION**

4. Swear in Regular and Alternate Special District and City Commissioners

5. [Interview and Select Public Member](#)

6. [Interview and Select Alternate Public Member](#)

7. [Selection of Chair and Vice Chair](#)

CONSENT ITEMS:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter

8. [Approval of Minutes for Regular Meeting of April 18, 2018](#)

9. [Approval of Executive Officer's Expense Report](#)

10. [Ratify Payments as Reconciled for Month of March 2018 and Note Cash Receipts](#)

11. Consent Items Deferred for Discussion

PUBLIC HEARING ITEMS:

12. Fiscal Year 2018-19 Final Budget Review to include the Following:

- a. [Consideration of \(1\) CEQA Statutory Exemption for Schedule of Fees, Deposits and Charges Revisions; and \(2\) Review and Adoption of Schedule of Fees, Deposits, and Charges Effective June 1, 2018](#)
 - b. [Review and Adoption of Final Budget for Fiscal Year 2018-19 including the Apportionment for Independent Special Districts, Cities and the County](#)
13. [Consideration of: \(1\) CEQA Statutory Exemption for LAFCO 3217 and \(2\) LAFCO 3217 –Sphere of influence Amendment for San Bernardino County Fire Protection District \(expansion\) and Hesperia Fire Protection District \(reduction to zero sphere of influence\)](#)
14. [Consideration of: \(1\) CEQA Statutory Exemption for LAFCO 3218 and \(2\) LAFCO 3218 – Reorganization to include Annexations to the San Bernardino County Fire Protection District, its North Desert Service Zone and Apple Valley Fire Protection District, Detachments from Hesperia Fire Protection District and Apple Valley Fire Protection District and Divestiture of Fire Protection, Emergency Medical Response and Ambulance Service from the Hesperia Fire Protection District \(Hesperia Fire Protection District area\)](#)

INFORMATION ITEMS:

15. Legislative Update Report

16. Executive Officer's Oral Report

- a. New Proposals Received
- b. Update on Proposals Filed with LAFCO

17. Commissioner Comments

(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)

18. Comments from the Public

(By Commission policy, the public comment period is limited to five minutes per person for comments related to other items under the jurisdiction of LAFCO not on the agenda.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m. The Commission may take action on any item listed in this Agenda whether or not it is listed for Action. In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 1170 West Third Street, Unit 150, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafco.org, and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at www.fppc.ca.gov or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 388-0480 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West 3rd Street, Unit 150 San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: MAY 9, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #5 – INTERVIEW AND SELECT PUBLIC
MEMBER**

The term of office for the Public Member of the Commission expires on the first Monday in May 2018. Pursuant to Commission policy, the staff provided a 30-day period from February 15 to March 19, 2018 for interested persons to submit an application for the position of Public Member of the Commission. During this period four applications were received.

Copies of the letters of application are included as attachments to this report and have been received from:

- Sheema Aamer, resident of Oak Hills
- Christopher Allen, resident of Crestline
- Louisa Amis, resident of Redlands, and
- James Bagley, resident of Twentynine Palms

Staff has asked each of the candidates to attend the May hearing and advised them that each will be asked to provide a brief oral presentation outlining their qualifications and reasons for their interest in this position. The Commission may then make an appointment, with the successful candidate sworn-in at the hearing or may defer action to the next hearing. The term of office for this position expires on the first Monday in May, 2022.

The Commission process for selection of the successful candidate requires that the candidate must receive four votes and that neither the Public Member nor Alternate Public Member may vote on this appointment. Further, state law requires that the successful candidate must receive at least one affirmative vote from each of the three other membership categories on the Commission – county, city and special district.

Staff will be happy to answer any questions prior to or at the hearing.

KRM/

Attachments:

To,
Kathleen Rollings-McDonald,
Executive Officer,
Local Agency Formation Commission
1170 W. Third Street, Unit 150,
San Bernardino, CA-92415-0490

RECEIVED

2018 MAR 20 AM 9:52

LOCAL AGENCY
FORMATION COMMISSION

Dear Ms. Rollings-McDonald,

My name is Sheema Aamer and I am a resident of Oak Hills, CA. I would like to be considered for the position of Public Member of Local Agency Formation Commission.

I have been a resident of San Bernardino County for twenty years. When I researched the goals, responsibilities, and actions of LAFCO I was immediately interested in being a part of it. I am always looking for opportunities to serve the community and this will be a tremendous way to do it. I feel it will be a great opportunity to learn, be a part of decision making, and make a difference for the community at large.

I have served on different committees in Fontana Unified School District (FUSD). I was a member of District Advisory Council for FUSD for two years. I have served on the board of Oleander Elementary School Parent-Teacher Association in the capacity of treasurer and vice-president for more than four years. I have also volunteered regularly in the classrooms, school events, and at fundraisers. I tried to make a difference in my own capacity and give back to the community in some way.

Please review my attached resume for additional details regarding my educational background and experience. Thank you for your time and consideration.

Sincerely,

Sheema Aamer



Sheema Aamer



Educational Qualifications

- Bachelors of Medicine and Surgery (MBBS)
Dow Medical University, Karachi, Pakistan - Oct 1990
- Residency, Civil Hospital, Karachi, Pakistan - Nov 1991

Professional Experience

Facilitator, Parent Institute for Quality Education (PIQE), San Bernardino and Riverside Counties, Aug 2008 – Dec 2014

- Facilitated nine-week parent enrichment workshops at elementary, middle, and high schools in several school districts
- Made marketing presentations to parents to sign them up for the PIQE workshops
- Trained newly hired facilitators, and modeled the workshops for other fellow facilitators

Administrator, Medpath Lab & Clinic, Karachi, Pakistan, Sept 2004 - March 2008

- Oversaw all operational and administrative functions
- Ensured quality control and evaluated processes and outcomes to identify problems
- Performance appraisal of the employees and customer complaint resolution

Anesthesiologist, Government Hospital Liaquatabad, Pakistan, March 1993- Dec 1997

- * Pre and post-operative assessment of patients for surgical fitness
- * Induction and effective maintenance of general anesthesia (for Ob-Gyn, Eye, ENT, Orthopedic, general abdominal and breast surgeries
- * Participated in clinical trials involving anesthetic drugs
- Taught anatomy, physiology, and basic surgical procedures to Operation Room Personnel

Courses/Workshops

- * Member "District Advisory Council" of Fontana Unified School District between 2010-2012
- * "Parent Enrichment Program" The Parent Institute for Quality Education (PIQE), 2008
- * "Leadership Development Conference" The California Parent Center, 2008
- * "PTA Treasurer Training Program" Sierra Lakes School, 2007
- * "Parent Education Workshop" Bright Star Family Literacy, 2006
- * Served as treasurer in Oleander Elementary School PTA, Fontana from 2006-2008
- * Served as vice-president in Oleander Elementary School PTA, Fontana in 2009-2010

Honors and Awards

- Winner of "Parent of the Year 2008-09" by Fontana Association for Bilingual Education, 2008
- Winner of "Short Story Writing Competition" By Fontana Library, 2006

References

Available upon request

To: Kathleen Rollings-McDonald

Executive Officer

Local Agency Formation Commission

1073 W. Third Street Unit 150 San Bernardino Ca 92415-0490

RECEIVED

February 13, 2018

2018 FEB 28 AM 10:19

LOCAL AGENCY
FORMATION COMMISSION

My name is Christopher Allen and I would like to be considered for the post of 'Public Member' to the Local Agency Formation Commission (LAFCO).

I have lived in the Crestline community for the last 8 years after retiring from The Boeing Company. My interest in this community and the surrounding county goes back to the end of the 19th century as my grandparents and great grandparents have served this community and county that long.

From my service in the Department of Defense to my 26 years at the Boeing Company I have extensive experience in compliance, project/ portfolio/program management as well as management of aircraft configuration. While at Boeing I authored a book that became an industry standard, I performed as a subject matter expert during our recognition as a Malcolm Baldrige Award winner for heavy manufacturing and my own team won recognition from the California Team Excellence Awards.

I received a Bachelor of Science in Business Management from the University Of Phoenix in 1999.

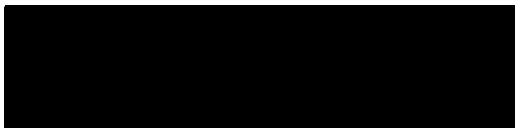
I have spent the last several years coaching basketball in my community because my interests are in to be of service. This is why I feel I can help the community and county in this position.

Currently I am also serving as a board member on the Crestline Community Development Alliance.

If you have any further questions for me don't hesitate to contact me via email or telephone.

Best Regards,


Christopher Allen



RECEIVED

Redlands, Ca
92374

2018 MAR 19 PM 2:58
LOCAL AGENCY
FORMATION COMMISSION

March 19, 2018

Dear Ms. Rollings-McDonald,

Please consider me for the position of public service member of the Local Agency Formation Commission of San Bernardino County. A resident of Redlands for twelve years; I relocated here from Tennessee to take a job at Loma Linda University. When I lived in Tennessee, I was involved in citizen efforts to direct development of our small town (about forty five minutes from Nashville) in a way most beneficial to the community. We were a semi-rural community struggling with urban sprawl issues. Our efforts were also directed toward responsible use of a large tract of land which was currently in the form of a nature park. The land had been willed to the city without any legal protection with only the wish of the benefactress that it continue to be a nature haven. I attended city council meetings addressing these concerns. After the city agreed to hire a city planner; I helped gather citizen input to form a consensus of the desired direction the town should take.

Here in Redlands, I am a member of the Redlands Conservancy and the A.K. Smiley Friends of the Library.

My education consists of a B.A. in History from Converse College in Spartanburg, S.C. and a B.S. in Chemistry from Tennessee State University in Nashville, Tennessee.

Thank You.

Sincerely Yours,

Louisa Amis

Louisa Amis

Jim Bagley

RECEIVED

2018 MAR -7 AM 10:12
LOCAL AGENCY
FORMATION COMMISSION

March 2, 2018

Attention Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
1170 West Third Street, Unit 150
San Bernardino, CA 92415-0490

Re: Application for the Public Member of the Commission

Commission Members

With this letter I would like to formally request your consideration for my re-appointment to the San Bernardino County Local Agency Formation Commission as the Public Member. As a long-term commissioner I wish to continue serving with my institutional knowledge and diversified experience. Attached is a brief resume of my professional and civic experience.

I respectfully ask for your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Bagley". The signature is fluid and cursive, with a long horizontal stroke at the end.

James R. Bagley

Professional Experience:

Real Estate Broker: From 1981

Graduate, Realtors Institute of California, (GRI) 1992
e-Pro, Internet Real Estate Professional 2007
Owner/Broker Southwest Real Estate:
1990 to May 2000, I sold the company in 2000

Commercial Pilot: From May 2000

Certifications and Ratings:

Airline Transport Pilot: (ATP) Multi engine land
Commercial Privileges: Airplane multi & single engine land, seaplane, and glider
FAA Certified Flight Instructor: CFI, CFII, MEI, Glider, Advanced Ground

Real Estate Specialist for the Department of Defense: From August 2009 to September 2016

The G-5 Community Plans and Liaison Office Marine Corps Base Twentynine Palms

Education:

University of California Los Angeles, BA - Political Science 1979

United State Senate Intern - Washington DC 1977

Civic Experience:

Local Agency Formation Commission, San Bernardino County:

Public Member to May 2018
Alternate April 15, 2008 to May 19, 2010
Chairman 2004, Vice-chair 2002, 2003
Elected City Representative 1997 to 2004

Airport Commission for San Bernardino County

September 26, 2006 to January 31, 2018
Vice Chairman 2018 Chairman 2012, Vice Chairman 2011

Twentynine Palms City Council:

November 1992 to 2004
Mayor 2003, 2000, 1995 - Mayor Pro Tem 1999, 1994

San Bernardino County Associated Governments:

President 2001 to 2002, Vice President 2000

Member, Administrative Committee 1995 to 2004

Desert/Mountain Area Measure I Committee Chairman 2000 to 2004, Vice-chair 1997 to 2000

California League of Cities:

Board of Directors, 1997 to 2002

Desert Mountain Division President, 1996

Division Second Vice President, 1995

Environmental Quality Committee 1992 to 1996

Taxation and Revenue Committee 1996 to 2000

Southern California Association of Governments:

San Bernardino County Desert Cities elected representative, 1995 to 2001

Aviation Task Force

Environmental Quality Committee

Implementation Committee

Bureau of Land Management's Desert District Advisory Council:

General Public Member for California

Appointed by Secretary of the Interior - Manuel Lujan 1990-1995

San Bernardino County Planning Commission:

Desert Area Commissioner, 1986 to 1988

Twentynine Palms Water District Board of Directors:

Chairman, Engineering Committee, 1985 to 1986

Chamber of Commerce of Twentynine Palms:

President 1985

Treasurer 1984

Board of Directors 1983 to 1985

Morongo Basin Joint Chamber Representative 1985

Community Activities

Rotary Club:

President 1989 to 1990

Paul Harris Fellow 1990

Foundation Chairman 1990 to 1996

Board of Directors 1987 to 1991

Board of Realtors:

Vice President 1993

District 28 Regional Multiple Listing Service Representative 1984 to 1993

Board of Directors, 1984 to 1985 - 1991 to 1993

Multiple Listing Service Chairman 1985, 1991 to 1993

Twentynine Palms Historical Society:

Old School House Museum, Chairman 1991 to 1995

Mojave Water Agency Legislative Advisory Committee:

Drafted Assembly Bill 1759 amending the agency law 1989

Hi Desert Memorial Hospital Foundation

Director 1995

Friends of Copper Mountain College

Individual Large Donor Program Committee 1985

San Bernardino County's Citizens Advisory Committee

Twentynine Palms General Plan Up-date 1986

Citizens Committee for Quality Water and Fire Services

Successful campaign for ballot Proposition J 1983

Twentynine Palms Water District

Selective Service Board Member

1990 to 2000

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West 3rd Street, Unit 150 San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: MAY 9, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #6 – INTERVIEW AND SELECT ALTERNATE PUBLIC MEMBER

During October 2017, the Commission was notified of the resignation of Alternate Public Member Ryan McEachron as he had accepted a position with the County making him ineligible to serve. The direction to staff was to conduct the nomination process in concert with the regularly scheduled appointment process for the Regular Public Member in February 2018. Pursuant to Commission policy, the staff provided a 30-day period from February 15 to March 19, 2018 for interested persons to submit an application for the position of Alternate Public Member of the Commission. During this period two applications were received.

Copies of the letters of application are included as attachments to this report and have been received from:

- Louisa Amis, resident of Redlands, and
- Yadir Ocegüera, resident of Fontana

Staff has asked each of the candidates to attend the May hearing and advised them that each will be asked to provide a brief oral presentation outlining their qualifications and reasons for their interest in this position. The Commission may then make an appointment, with the successful candidate sworn-in at the hearing or may defer action to the next hearing. The selected Alternate Public Member will serve the unexpired term of office for this position which ends on the first Monday in May, 2020.

The Commission process for selection of the successful candidate requires that the candidate must receive four votes and that neither the Public Member nor Alternate Public Member may vote on this appointment. Further, state law requires that the successful candidate must receive at least one affirmative vote from each of the three other membership categories on the Commission – county, city and special district.

Staff will be happy to answer any questions at the hearing.

KRM/

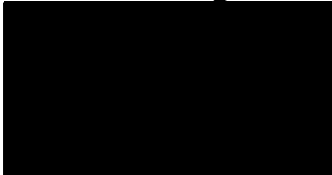
Attachments:

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2018 MAR 21 PM 1:53

**LOCAL AGENCY
FORMATION COMMISSION**

Yadir B. Ocegüera



March 13, 2018

Kathleen Rollings-Mcdonald
Executive Officer
1170 West Thrid St, Unit 150
San Bernardino, CA 92415

Dear Kathleen,

I am applying for the Alternate Public Member of the Local Agency Formation Commission (LAFC) advertised on the San Bernardino County Local Agency Formation Commission website. As a resident of San Bernardino county, my interest in the operations and organization of local government regulatory agency establishes an opportunity to be an alternate member of the LAFC.

I currently work as a conductor for Burlington Northern Santa Fe (BNSF), stationed at the San Bernardino terminal. I am a veteran of the US ARMY, serving from 2002 to 2006, which I was deployed to Operation Iraqi Freedom from 2003 to 2004 and 2005 to 2006. I have a Bachelors in Science Criminal Justice, and I am currently attending California Baptist University to obtain a Master's in Public Administration.

I am a dedicated and motivated individual willing to serve the county of San Bernardino. I am available for contact via cell-phone or email at your convenience. Thank you.

Sincerely,

Yadir B. Ocegüera



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2018 MAR 19 PM 2: 58

LOCAL AGENCY
FORMATION COMMISSION

March 19, 2018

Dear Ms. Rollings-McDonald,

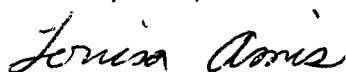
Please consider me for the position of alternate public service member of the Local Agency Formation Commission of San Bernardino County. A resident of Redlands for twelve years; I relocated here from Tennessee to take a job at Loma Linda University. When I lived in Tennessee, I was involved in citizen efforts to direct development of our small town (about forty five minutes from Nashville) in a way most beneficial to the community. We were a semi-rural community struggling with urban sprawl issues. Our efforts were also directed toward responsible use of a large tract of land which was currently in the form of a nature park. The land had been willed to the city without any legal protection with only the wish of the benefactress that it continue to be a nature haven. I attended city council meetings addressing these concerns. After the city agreed to hire a city planner; I helped gather citizen input to form a consensus of the desired direction the town should take.

Here in Redlands, I am a member of the Redlands Conservancy and the A.K. Smiley Friends of the Library.

My education consists of a B.A. in History from Converse College in Spartanburg, S.C. and a B.S. in Chemistry from Tennessee State University in Nashville, Tennessee.

Thank You.

Sincerely Yours,



Louisa Amis

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West 3rd Street, Unit 150 San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : **MAY 9, 2018**



FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: AGENDA ITEM #7 – SELECTION OF CHAIR AND VICE-CHAIR

Pursuant to Rule of Order #2, the Commission selects its Chair and Vice-Chair annually at the May hearing. The positions are for a one year term. As of the August 2015 update to the Policy and Procedure Manual, Rule of Order #2 no longer limits the number of years a Commissioner may hold the position of Chair or Vice-Chair. Any regular voting member of the Commission may be appointed to these positions.

Staff will be happy to respond to any questions prior to or at the hearing.

/krm

**DRAFT-ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
HEARING OF APRIL 18, 2018**

REGULAR MEETING

9:00 A.M.

APRIL 18, 2018

PRESENT:

COMMISSIONERS:	Jim Bagley James Ramos Diane Williams Larry McCallon	Steven Farrell, Alternate Robert Lovingood Kimberly Cox
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STAFF:

**Kathleen Rollings-McDonald, Executive Officer
Paula de Sousa Mills, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Jeffrey Lum, LAFCO Analyst
La Trici Jones, Commission Clerk
Bob Aldrich, LAFCO Consultant**

ABSENT:

COMMISSIONERS:

**Jim Curatalo
Janice Rutherford, Alternate
Acquanetta Warren, Alternate**

STAFF:

Clark Alsop, LAFCO Legal Counsel

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION
– CALL TO ORDER – 9:08 A.M. – NORTON REGIONAL EVENT CENTER**

Chair Cox calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

CONSENT ITEMS – STAFF RECOMMENDATION APPROVED

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

- ITEM 1.** Approval of Minutes for Regular Meeting of March 21, 2018
- ITEM 2.** Approval of Executive Officer's Expense Report
- ITEM 3.** Ratify Payments as Reconciled and Note Cash Receipts for Month of February 2018

ITEM 4. Consent Items Deferred for Discussion

Executive Officer Kathleen Rollings-McDonald states that there has been no request for deferral or discussion of a consent item.

Commissioner Lovingood moves approval of the Consent Items, second by Commissioner McCallon. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

PUBLIC HEARING ITEMS:

ITEM 5 THIRD QUARTER REVIEW FOR FY 2017-18: a. RECEIVE THIRD QUARTER FINANCIAL REPORT; b. APPROVE RELATED ACTIONS REQUIRED TO TRANSFER APPROPRIATION AUTHORITY TO BALANCE BUDGET – STAFF RECOMMENDATION APPROVED

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. Ms. Rollings-McDonald states that this is the Commission's third quarter update where staff brings this report to the Commission before the budget proposal so the Commission can understand the present situation of the Commissions expenses and revenues.

She states that since the February hearing where the Commission received the mid-year update, the deficit has increased by roughly \$35,000 to \$76,039. She states that the deficit is attributable to a number of things including the determination that the proposal related to the Town of Apple Valley would most likely be received in FY 2018-19, the withdrawal of two proposals (reorganization with sphere amendment) by San Bernardino Valley Municipal Water District and Inland Empire Utilities Agency, requiring a partial refund, the determination that the office front door requires additional safety measures resulting from two incidents within the office, costs related to the legal advertisements for the notice of vacancy for the public member and alternate public member seats on the Commission that was not originally included in the year-end projections, and additional expenditure activity. She indicates that the remainder of the year is anticipated to maintain the adopted budget with a projection to expend 99% of budget authority.

Ms. Rollings-McDonald states that for the services and supplies account, it is anticipated that these accounts will have expenditures of \$636,364 representing 89% of budget authority. She states that the budgeted and anticipated activities for the last quarter of the fiscal year will include subscription to the County Street Network, maintenance of digital mapping and Google Earth Subscription, payments for the processing of proposals and countywide wastewater service review, and the remaining payments of roughly \$12,000 for the consulting contract with Mr. Bob Aldrich.

Ms. Rollings-McDonald states that the Commission's sponsored educational training program have been completed for the year.

Executive Officer Rollings-McDonald states that for the ongoing commission-approved projects, the service review for water was completed in July 2017, the countywide service review for wastewater is tentatively scheduled for presentation at either the June or July hearing, and staff is anticipated to begin the countywide service review for fire protection/emergency medical response/ambulance services.

She states that the non-recoverable legal matters that were identified in the report at the February hearing required a transfer from General/Litigation Reserve to Legal Charges in order to accommodate existing and anticipated expenditures. She states that the Commission approved the transfer of \$25,229. This action reduced the General/Litigation Reserve fund to the minimum \$200,000 balance required by Commission policy. Ms. Rollings-McDonald states that the Commission has received 90% of approved budget revenues through the end of the third quarter. She states that interest gains are above the budgeted amount and 100% of the mandatory apportionment payments from the county, cities and independent special districts were received. She states that the real problem is that the proposals anticipated have fallen off sharply this year. She states that the budget projected the receipt of 11 proposals; five were received through the third quarter; however two proposals were withdrawn and as a result, proposal revenue is only at 30% of the budget projection. She states that only two more proposals are anticipated; one which is a boundary correction that only includes reimbursement of direct costs according to Commission policy.

Executive Officer Rollings-McDonald states that staff is projecting \$17,645 in revenue for the final quarter which will include receipt of limited interest payments for the remaining quarter (\$3,000), receipt of one proposal with the full complement of fees and deposits (\$13,310), and receipt of one proposal that is a boundary correction (\$3,050).

She states that as of March 31, the Commission's balance in the San Bernardino County Treasury is \$732,408, but as the Commission takes into account the liabilities, committed reserves, remaining activity and the projected revenue, the Commission is at a deficit of \$76,039 for FY 2017-18. Ms. Rollings-McDonald states that staff recommends in the third quarter review a transfer from the contingencies accounts to include decreasing contingencies reserve (Account 6000) by \$76,039 to \$63,077, increasing miscellaneous expense (Account 2090) by \$10,000 to \$121,683, and increasing legal counsel expenditures (Account 2400) by \$66,039 to \$196,153.

Executive Officer Rollings-McDonald states that staff recommends that the Commission note receipt of the report and file, approve the transfer from contingencies as described in the staff report, authorize the Executive Officer to select a vendor to modify the front door of the LAFCO office for safety purposes, for an amount not to exceed \$10,000, and direct the Executive Officer to return to the Commission at a later hearing for Commission approval, and provide direction to staff on items of concern for the balance of the fiscal year.

Commissioner Ramos questions what the security features entail? To which Executive Officer Rollings-McDonald states that the two front doors will be fitted with magnetic locks. She states that all employees will have a key fob to enter the door. She states there will be an intercom where people can announce who they are and the front desk will be able to allow entry into the office.

Chair Cox states that she knows that these expenses are extraordinary and unusual. She asks Executive Officer Rollings-McDonald to speak to this perfect storm.

Executive Officer Rollings-McDonald states that this is the year where the costs for the move to our office was accommodated. She states that staff did not anticipate the extraordinary legal costs that are non-recoverable, but have accommodated them. She states that that is what the general reserve is for.

Chair Cox asks if there are any questions from Commissioners.

There are none.

Chair Cox opens the public hearing and calls for speakers.

There are none.

Chair Cox closes the public hearing and asks the Commission for determination

Commissioner Bagley moves approval of the Consent Items, Second by Commissioner McCallon. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

ITEM 6 PRELIMINARY BUDGET REVIEW FOR FISCAL YEAR 2018-19:

a. PROPOSED CHANGES TO SCHEDULE OF FEES, DEPOSITS, AND CHARGES FOR FISCAL YEAR 2018-19 -- STAFF RECOMMENDATION APPROVED

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. The item has been advertised through publication in a newspaper of general circulation within the county, the *San Bernardino Sun*, as required by law.

She states that the first item is to look at the Commission's fee schedule. She states that Government Code Section 56383 allows the Commission to charge fees for the actions that are processed. She states that for the first time in eight years, staff is requesting the Commission to modify the charges on the fee schedule. She states that for the regular processing fees, the Commission has distinguished between the valley, mountain and desert regions and have fees according to these regions.

Ms. Rollings-McDonald states that staff is proposing an increase for the Reconsideration Fee changing its current rate of \$1,100 to \$2,500. She states that the current fee does not cover the typical legal advertising charge for a hearing. She states that staff is also proposing that deposits for legal counsel and environmental review be changed. Ms. Rollings-McDonald states that it has been more than eight years since the Commission has changed its Schedule of Fees, Deposits and Charges for annexations and reorganization and their associated legal and environmental deposits. She states that the cost for processing applications has increased and will continue to increase in the upcoming fiscal year, therefore, staff is proposing an across-the-board increase.

Executive Officer Rollings-McDonald states that staff recommends that the Commission provide staff with any changes, correction, or additions to be included in the revisions proposed for the Schedule of Fees, Deposits, and Charges; Direct staff to forward the proposed changes to cities, towns and independent special districts for their review and comment; and schedule the final review and adoption for the May 16, 2018 Commission hearing. She notes that any changes proposed will impact the Proposed Budget for Fiscal Year 2018-19 as its revenue projections use these proposed increases.

Commissioner Bagley states that he believes that it is incumbent upon agencies to be accountable in their fee increases and it is a larger discussion than just LAFCO. He states that if you are a special district or a water district and have not raised your fees in years, you are not keeping up with the consumer price index. He states that he sees the same issue here, if we have not looked at the fees in eight years and have not adjusted for inflation, then we are not being responsible in our fees. He states that one of the problems he has is that agencies seem to arbitrarily raise fees. Commissioner Bagley states that he would like to see the Consumer Price Index used in how we adjust our fees.

Executive Officer Rollings-McDonald states that staff has annually presented the schedule of fees and charges and there has always been the opportunity to change those fees and charges just as there is today where the Commission can direct staff to make changes or amendments. She states that it was clear direction to the staff around 2010 that because of the recession, the Commission would not make changes to the schedule of fees and charges. She states that if the Commission chooses to change its policy to be reflective of the Los Angeles-San Bernardino-Riverside Consumer Price Index; staff can easily make those changes.

Commissioner Bagley states that would be his personal preference to have some accountability to the public.

Discussion continues.

Chair Cox questions that as she understands it in regards to the fees, LAFCO uses what it needs or whether the fees are hard fees. Executive Officer Rollings-McDonald states that the LAFCO fees are hard fees, but the legal counsel, environmental review and individual notice categories are deposits for reimbursement of actual costs.

Chair Cox asks for additional questions from the Commission. There are none.

Chair Cox opens the public hearing and calls for speaker slips. There are none.

Chair Cox closes the public hearing and asks the Commission for approval of staff's recommendation.

Commissioner Bagley outlines his preference that in the future, a historic index for increases be identified for justification.

Commissioner Bagley moves the staff recommendation, Second by Commissioner McCallon. There being no opposition, the motion passes with the following roll call vote:

Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None.
Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

ITEM 6b PROPOSED BUDGET FOR FISCAL YEAR 2018-19:

**I. REVIEW AND APPROVE CONTRACT WITH BEST BEST & KRIEGER –
STAFF RECOMMENDATION APPROVED**

Executive Officer Rollings-McDonald states that the proposed budget is broken up into three categories as the Commission will be hearing very significant changes so they can be clearly identified and the Commission can review them. She states that the first item will be to review and approve the contract with Best Best and Krieger. She states that Ms. de Sousa Mills is from BBK and will move away from the dais to the audience and will be available to answer any questions on the contract.

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. Ms. Rollings-McDonald states that Clark Alsop has been the Commissions legal counsel for 43 years. She states that at today's hearing the Commission will be considering a change in legal counsel and contract with Best Best & Krieger as Mr. Alsop has indicated he will be relinquishing his position effective July 1, 2018. She states that this matter was reviewed with the Administrative Committee for direction and staff was directed to negotiate with BBK for the services of Ms. Paula de Sousa Mills who is currently assistant LAFCO legal counsel, to assume the primary role. She states that staff recommends that the Commission approve the agreement for legal services as presented with Best Best & Krieger LLP for legal counsel services effective July 1, 2018 and authorize the Executive Officer to sign.

Chair Cox states that a few times this morning we have talked about the CPI and in her review she states that there is a new index for San Bernardino and Riverside Counties. She states that she would like for staff to take a look at that and use a more applicable method for us so we are not lumped in with the coastal communities of Orange and Los Angeles Counties. Executive Officer Rollings-McDonald states that if the Commission chooses to use this index and would like an amendment, Ms. de Sousa Mills can review this information with Best Best & Krieger and it can easily be handled.

Chair Cox opens the public hearing and calls for speaker slips. There are none.

Chair Cox closes the public hearing and asks the Commission for a motion.

Commissioner Lovingood moves approval of the staff recommendation, Second by Commissioner Bagley. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

**ii. REVIEW AND CONSIDERATION OF AMENDMENTS TO POLICY AND
PROCEDURE MANUAL SECTION III – HUMAN RESOURCES TO REFLECT
CHANGES IN COUNTY APPROVED EXEMPT COMPENSATION PLAN FOR
SALARIES, BENEFITS, AND LEAVE PROVISIONS – STAFF
RECOMMENDATION APPROVED**

Project Manager, Michael Tuerpe presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. He states that by adopted policy, the Commission mirrors the County's exempt compensation plan. He states that in January 2018, the County amended its exempt compensation plan. Mr. Tuerpe states that what we have before the Commission today are proposed amendments to the LAFCO policy manual; specifically the Human Resources section to mirror the changes in the County's exempt compensation plan. He states the amendments to the exempt compensation plan include the sun setting of the employer Supplemental Retirement contribution and converting that amount to salaries effective July 21, 2018, provisions that employees are eligible for step advancements in 6-month increments subject to satisfactory work performance, effective July 21, 2018, rescission of the restriction on the cash out of administrative leave, effective July 21, 2018, provision of a 3% across-the-board wage increase effective July 20, 2019; a 3% across-the-board wage increase effective July 18, 2020, increasing the Medical Premium Subsidy for all coverage levels effective Benefit Plan Year 2019-20, and technical updates to language to reconcile the policies with previous statutory, regulatory, and policy changes.

Commissioner Bagley asks if the dollar amounts are built-in to our budget now. Executive Officer Rollings-McDonald states that it is built-in to the proposed budget.

Chair Cox asks that if the amendment to the retirement policy is going from being a stipend to base pay, and whether this would increase the retirement benefit. Mr. Tuerpe responds that the stipend currently is included in the retirement calculation, and that the proposed amendment would include that stipend as a part of the hourly base pay. He confirms that the proposed amendment would not impact the retirement calculation.

Chair Cox asks whether the increase as well as the costs are reflected in the budget. Mr. Tuerpe states in the affirmative that it is reflected in the proposed budget for the coming year.

Commissioner Ramos asks if the stipend is being shifted from one to the other. Executive Officer Rollings-McDonald states that it is being accommodated and has been accommodated in the past as a part of retirement.

Commissioner Ramos questions as far as accrual for sick leave, whether it is based on a fiscal or a traditional calendar. Mr. Tuerpe states that the accruals are based on pay period and the granting of administrative leave is based on calendar year.

Discussion continues.

Executive Officer Rollings-McDonald states that all of these changes have been accommodated in the budget for next year that is being presented to the Commission.

Chair Cox asks whether all the changes are consistent with what the County has; to which Mr. Tuerpe responds in the affirmative.

Chair Cox states that maybe we should step aside from what County is doing. She states that the Commission should be given what the County is proposing and the CPI and allow

the Commission to choose because the apportionment fees are distributed over a vast array of small special districts and hospital districts that have to pay our ever-increasing fees. She states that maybe we should step aside from what the County is doing.

Executive Officer Rollings-McDonald states that for simplicity, the Commission has maintained this relationship with the County exempt compensation plan since 1985. She states that the Commission utilizes the County Auditor-Controller and the County's EMACS system to pay staff. She states that LAFCO has reduced costs since it mirrors what the County does in processing payroll. She states that if the Commission chooses to do something else and override the policy, the Commission will pay to do the calculation in the EMACS system.

Chair Cox states that re-writing the policy will allow the Commission greater flexibility in the future.

Executive Officer Rollings-McDonald states that the Commission has an annual review of the policies in August and can direct staff to look at it to give the Commission greater latitude.

Commissioner Farrell states that he likes the idea of coordinating our policies with the County. He asks if staff is familiar with how the 3% COLA was arrived.

Ms. Rollings-McDonald states that the cost of living was suspended for five years and this may be the reasoning behind it. She states that the County representatives will be able to speak better to this issue.

Commissioner Ramos asks how many employees this would pertain to. To which Ms. Rollings-McDonald states that the proposed budget for next year would be for a full complement of six staff.

Commissioner Ramos states that the CPI issue could be placed on a future agenda to really discuss and see where it ties in to. He states at this point the amendments are consistent with what has been done at the County and the Commission utilizes its resources to minimize the costs. He states that if we did break off on our own it could increase that cost. He states that at this time he does not see a problem.

Discussion continues.

Commissioner Ramos states that the functioning of the organization, including the institutional knowledge and retention is important. He states that we have to look at the balance of making sure that the increases continue to grow and we retain the knowledge here at LAFCO. He states that if we move so far over one way; then the retention of keeping qualified people at LAFCO becomes a problem. Commissioner Ramos states that there seems to be a lot of discussion over the supplemental going into the base; but by doing this simple change, and the monies have already been allocated, but does it save any resources and time from Staff calculating it as a supplemental versus putting it into the base pay? He questions if it saves time for when the auditors come?

Mr. Tuerpe states that a black and white answer would be no. He states that it is the upfront mechanism that requires time and the implementation is through proper coding in the system.

Commissioner Ramos states that if it is not saving time and resources then why would it be proposed to take it from supplemental to the base pay?

Executive Officer Rollings-McDonald states that the County has 11,000 employees to address processing of payroll and we have a contract with the County to administer our payroll. She states that using the county payroll system and mirroring the County's exempt compensation plan, simply means that we are folded in and processed in the same way.

Commissioner Ramos states that being a part of the County and the different policies that are there with SBCERA, it ties into that larger membership and allows LAFCO staff to partake in other amenities that are there by partnering and staying consistent with the County.

Ms. Rollings-McDonald states that yes, we have retained our membership in SBCERA from the day we became independent of the County, and our payroll is processed and payments are directed to SBCERA through the County Auditor-Controller. She states that it happens seamlessly without LAFCO input.

Commissioner Farrell states that he is struggling with this. He states that his perception is that there is no immediate costs or direct hits to LAFCO. He states that he interprets this simply as being a raise in retirement.

Executive Officer Rollings-McDonald states no, this was considered in the base pay before. She states that it was simply paid as a separate benefit. She states that the end result is the same.

Commissioner Lovingood states then why would we change the policy if it has the same impact.

Chair Cox states that what she believes is being resonated from the Commission is that we are raising fees, rates and salaries, but when we move to the next item of the agenda is the apportionment calculation and we are increasing payments of many of our smaller special districts; this speaks to the trickle-down effect. She states that perhaps as we transition into next year, we unpack the budget a little more and start looking at some of these items.

Chair Cox asks for further comments from the Commission. There are none.

Chair Cox opens the public hearing and asks for speaker slips. There are none.

Chair Cox closes the public hearing and asks if Project Manager, Michael Tuerpe has any recommendations.

Mr. Tuerpe outlines the staff recommendations included in the staff report.

Chair Cox asks the Commission for a motion.

Commissioner Ramos moves approval of the Staff Recommendation, Second by Commissioner Lovingood. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

Chair Cox states that she would like to convey to staff to come back in six months to address the CPI issue, continuing use of the County payroll system, and mirroring the County's Exempt Compensation Plan in preparation for next year's budget.

iii. **PROPOSED BUDGET FOR FY 2018-19 AND APPORTIONMENT
CALCULATION – STAFF RECOMMENDATION APPROVED**

Executive Officer Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and made a part of the record by its reference here. The item has been advertised through publication in a newspaper of general circulation within the county, the *San Bernardino Sun*, as required by law.

Executive Officer Rollings-McDonald states that the April budget consideration will address a number of significant changes. The Commission will be hiring a new, full-time Executive Officer, anticipated to be on board July 1, 2018, the first in eight years, its longtime Legal Counsel will be stepping down, and the Commission will need to address the financial challenges from Fiscal Year 2017-18.

She states that all of these changed will set the stage for review of the proposed budget for Fiscal Year 2018-19. She states that the first challenge has been the drop in applications. She states that in the last five years we have had a fairly stable application processing and this year there has been a precipitous drop. She states that the major expenditure for the Commission is its personnel costs. In the past, to control these costs the Commission has used contracts for service with consultants and the ongoing contract Executive Officer to hold down its expenses during the recession and its aftermath. She states that this will change as of Fiscal Year 2018-19. She states that LAFCO will return to a full-time staff pattern with the completion of the recruitment for the Executive Officer anticipated to occur in June. She states that the budget is for a full-time six-person staff with all benefits provided but no consultants or contracts, except for the contract for the current executive officer that ends September 30, 2018 for transition.

Chair Cox asks if the executive officer position is currently vacant. Executive Officer Rollings-McDonald states that there are no vacant positions. She states that the Commission has filled the Executive Officer position with a part-time employee contract. She states that the actual cost for the completion of her contract is approximately \$52,000.

Ms. Rollings-McDonald outlines the projected salaries and benefits for the upcoming fiscal year showing a significant change from \$750,000 this year to over \$1 million dollars. Chair Cox asks Ms. Rollings-McDonald to explain line 1315 for 401k contribution that is going up from \$28,000 to \$45,000. Executive Officer Rollings-McDonald states that the Commission does not pay the 8% match for her salary. She states that she has included in this calculation the full payment for the incoming Executive Officer.

Chair Cox asks if the Commission currently offers a 401K and a 457 supplemental retirement fund; to which Ms. Rollings-McDonald responds in the affirmative. Chair Cox then asks if this is subject to contract negotiations with the new EO. Ms. Rollings-McDonald states that the benefit plan currently identifies the benefits for the Executive Officer as well as other staff members. She states that the Commission has not had contracts for their staff and the only contracted staff was when she came back after retirement as a returning employee.

Mr. Rollings-McDonald states that in regards to revenues, she wanted to go through and explain the deficiencies from this year. She states that the total anticipated revenue for this year was \$267,000 but received \$95,000. She states that this is one of the issues that we have in moving forward in the upcoming fiscal year. Ms. Rollings-McDonald states that in reference to forecasts for proposals, staff has reviewed the question with our constituent groups and have revised our projections to provide for nine proposals next year and have calculated this out to remain the same for the next two years.

She states that as part of the budget process to provide for a balanced budget, staff is recommending that the Commission provide for reserves and contingencies at a reduced level indicating that: 1) Commission policy requires that the General Reserve account be set at a minimum of \$200,000 and Contingency at 10% of total expenditures. She states that staff is proposing to override this policy and practice for the upcoming year setting the General Reserve at \$85,608 and Contingency at \$20,000; 2) the Unfunded Net Pension Liability has been recalculated based upon the new liability amount from SBCERA provided in February 2018. This is an increase of \$36,513 and a re-amortization of the 20-year funding schedule; and 3) the forecast years provide a method of return to compliance with Commission policy over a four-year period.

Ms. Rollings-McDonald states that the apportionment costs are the net operating costs for the Commission. She states that the apportionment schedule for the cities is broken down by using the standard formula in Government Code Section 56381. The Special Districts apportionment is set by using an alternative formula originally adopted in 2002 and amended in 2010 by vote of the special districts selection committee.

Executive Officer Rollings-McDonald outlines the staff recommendation from the staff report.

Chair Cox states that as this is circulated, if the Commission is interested in making changes, can they be changed at the May 16, 2018 hearing. Ms. Rollings-McDonald states the Commission can make changes to the final budget, but the apportionment cannot be changed without an impact to the Districts.

Chair Cox asks for comment from the Commission.

Commissioner Bagley states that the litigation budget has been reduced and he has been shocked about how litigious LAFCO has become. He states that he is concerned that if LAFCO gets into a situation where there is another round of lawsuits, what the resolve will be. Executive Officer Rollings-McDonald states that she does not anticipate that the Commission will experience this again. She states that is part of the reason for the General

Reserve litigation is to make sure there is some ability to address those unforeseen circumstances, and the Commission had that last year.

Commissioner Farrell asks what the Commission's recourse or response would be since it does not have sufficient funds in litigation. Executive Officer Rollings-McDonald states that the only recourse would be to use all of the reserves and try to recoup them over time.

Chair Cox opens the public hearing and calls for speaker slips. There are none.

Chair Cox closes the public hearing and asks the Commission for a determination.

Commissioner Ramos moves approval of the staff recommendation, Second by Commissioner Bagley. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

**ITEM 7 REVIEW AND CONSIDERATION OF UPDATE TO POLICY AND
PROCEDURE MANUAL SECTION IV – APPLICATION PROCESSING, CHAPTER 5 OUT
OF AGENCY FIRE PROTECTION CONTRACTS AND RELATED APPLICATION FORM –
STAFF RECOMMENDATION APPROVED**

Commissioner McCallon moves approval of the Staff Recommendation, Second by Commissioner Williams. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

**ITEM 8 STATUS REPORT ON CONTINUED MONITORING OF CONDITIONS
IMPOSED BY LAFCO RESOLUTION 3190 – LAFCO 3157 SPHERE OF INFLUENCE
ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (TO BE CONTINUED TO THE
JUNE 20, 2018 HEARING) – STAFF RECOMMENDATION FOR CONTINUANCE
APPROVED**

Executive Officer Rollings-McDonald states that this will be one of the few items where there will be special counsel. She states that at the June hearing, Holly Whatley from Colantuono, Highsmith, and Whatley will be representing the Commission for LAFCO 3157.

Commissioner McCallon moves approval of the Staff Recommendation, Second by Commissioner Williams. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

**ITEM 9 DISCUSSION OF DEFERRAL OF MANDATORY SERVICE REVIEW FOR
WRIGHTWOOD COMMUNITY SERVICES DISTRICT FOR ONE YEAR AND INITIATION
OF COTERMINOUS SPHERE OF INFLUENCE ESTABLISHMENT FOR WRIGHTWOOD
COMMUNITY SERVICES DISTRICT WITHIN SAN BERNARDINO COUNTY – STAFF
RECOMMENDATION APPROVED**

Assistant Executive Officer Samuel Martinez presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

He states that the Wrightwood Community Services District was officially formed on July 1, 2017 and in the past, it has been the practice of this Commission to establish a sphere of influence for a newly formed agency within one year of its formation pursuant to the statutory direction identified in Government Code Section 56426.5(b). He states that however, Section 56430 (e) requires the Commission in conjunction with the sphere establishment also conduct a service review.

Mr. Martinez states that since its formation, the Wrightwood CSD has been dealing with some questions regarding its finances. He states that in order to get a better understanding of the District's finances, it would be better to defer the service review until the District's first year's audit is available. He states that LAFCO staff is recommending the Commission defer the service review for one year and direct staff to return to the Commission for its consideration of the service review for the Wrightwood Community Services District in July 2019. Mr. Martinez also identified that with regard to establishing a sphere of influence for the Wrightwood CSD, it is also the practice of the Commission that the sphere of influence establishment be coterminous with the agency's boundaries. He states that, in keeping with this practice, staff is recommending that the Commission initiate the sphere of influence establishment for the Wrightwood CSD to be conterminous with its existing boundaries within San Bernardino County.

Commissioner McCallon moves approval of the Staff Recommendation, Second by Commissioner Lovingood. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Lovingood, McCallon, Ramos, Williams and Farrell. Noes: None. Abstain: None. Absent: Curatalo (Commissioner Farrell voting in his stead)

INFORMATION ITEMS:

ITEM 10 LEGISLATIVE ORAL REPORT

Executive Officer Rollings-McDonald states that on the CALAFCO legislative report, the most significant issue is AB 2050, which is the small systems water authority act – CALAFCO retains a watch position. She states that AB 2258 is the CALAFCO sponsored legislation to establish a grant program – the Commission took a position of support for this.

ITEM 11 EXECUTIVE OFFICERS ORAL REPORT

Executive Officer Rollings-McDonald states that the special districts selection committee election is underway and should be concluded by the end of April. She states that at the May hearing the Commission will be seating the two city members as Mr. McCallon and Ms. Warren are returning. She states that we have not received new proposals, but we are processing East Valley Water District's application for activation of waste water services. She states that the Commission will have two hearings in May. She states that May 15 will be a special hearing for the Commission to interview candidates for the Executive Officer position and is hoping for full participation from the Commission. She states that on May 16 we will have the hearing to seat the members, selecting the chair and vice-chair, hear the Hesperia Fire Protection District proposal and the final budget actions.

ITEM 12 COMMISSIONER COMMENTS

There are none.

ITEM 13 COMMENTS FROM THE PUBLIC

There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE
HEARING IS ADJOURNED AT 11:16 A.M**

ATTEST:

LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

KIMBERLY COX, Chair

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE : MAY 3, 2018
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #9 – APPROVAL OF EXECUTIVE OFFICER’S EXPENSE REPORT

RECOMMENDATION:

Approve the Executive Officer’s Expense Report for Procurement Card Purchases from March 23, 2018 to April 22, 2018.

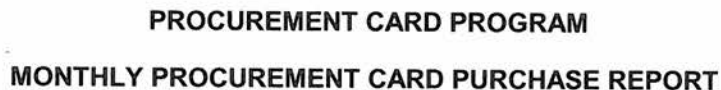
BACKGROUND INFORMATION:

The Commission participates in the County of San Bernardino’s Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy and Procedure Manual Section II – Accounting and Financial Policies #3(H). Staff has prepared an itemized report of purchases that covers the billing period of March 23, 2018 through April 22, 2018.

Staff recommends that the Commission approve the Executive Officer’s expense report as shown on the attachment.

KRM/Ilj

Attachment



Cardholder (Print & Sign)	Date
Kathleen Rollings-McDonald	05/03/18

Approving Official (Print & Sign)	Date
Kimberly Cox	05/16/18

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE : MAY 2, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #10 - RATIFY PAYMENTS AS RECONCILED FOR
MONTH OF MARCH 2018 AND NOTE REVENUE RECEIPTS**

RECOMMENDATION:

Ratify payments as reconciled for the month of March 2018 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

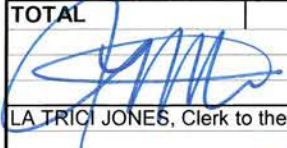

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the period of March 1, 2018 through March 30, 2018

Staff is recommending that the Commission ratify the payments for March 2018 as outlined on the attached listings and note the revenues received.

KRM/lj

Attachment

MONTH OF MARCH 2018 PAYMENTS PROCESSED						
Document Number	Account	Posting Date	Activity	Reference	Vendor	Amount
1900111919	40709555	3/1/2018	LAFCO 3221 REFUND	REFUND	LAKE ARROWHEAD CSD	\$735.52
1900113607	52002085	3/2/2018	NOTICE OF VACANCY PUBLIC MEM. (NEEDLES DES STAR)	B3096477	DAILY JOURNAL	\$151.92
1900113608	52002085	3/2/2018	NOTICE OF VACANCY ALT PUB MEM (DAILY PRESS)	B3096477	DAILY JOURNAL	\$488.25
1900113611	52002085	3/2/2018	NOTICE OF VACANCY PUBLIC MEM (IVDB)	B3096448	DAILY JOURNAL	\$410.64
1900113614	52002085	3/2/2018	NOTICE OF VACANCY ALT PUB MEM (HI-DES STAR)	B3096491	DAILY JOURNAL	\$190.59
1900114657	52002085	3/6/2018	NOTICE OF VACANCY ALT PUB MEM. (ALPENHORN)	B3096492	DAILY JOURNAL	\$235.20
1900114658	52002085	3/6/2018	NOTICE OF VACANCY PUBLIC MEM. (ALPENHORN)	B3096485	DAILY JOURNAL	\$235.20
1900119381	52002085	3/12/2018	NOTICE OF VACANCY ALT PUB MEM. (SB SUN)	B3096480	DAILY JOURNAL	\$123.20
1900119383	52002085	3/12/2018	NOTICE OF VACANCY PUB MEM (SB SUN)	B3096450	DAILY JOURNAL	\$123.20
1900124689	52002085	3/13/2018	NOTICE OF LAFCO ANALYST POSITION	B3093327	DAILY JOURNAL	\$77.00
1900124684	52002400	3/13/2018	BEST BEST & KRIEGER SAHA CIVDS 1715504	BBK 816821	BEST BEST & KRIEGER	\$2,398.40
1900124688	52002400	3/13/2018	BEST BEST & KRIEGER GENERAL	BBK 816819	BEST BEST & KRIEGER	\$1,824.90
1900135423	52002424	3/28/2018	TOM DODSON & ASSOCIATES	LAFCO 18-1	TOM DODSON & ASSOC	\$595.00
1900113620	52002445	3/2/2018	JAN PRO CLEANING SERVICES MARCH 2018	INVOICE #60214	JAN PRO	\$475.00
1900113624	52002445	3/2/2018	IEMG - COMMISSION HRNG VIDEOGRAPHY 1/17/18	INVOICE #2041	CTY OF SAN BERNARDINO	\$225.00
1900114655	52002445	3/6/2018	ALDRICH & ASSOCIATES	INVOICE #59	ALDRICH & ASSOCIATES	\$3,600.00
1900129216	52002445	3/20/2018	ALDRICH & ASSOCIATES	INVOICE #60	ALDRICH & ASSOCIATES	\$3,525.00
1900133052	52002445/2940	3/26/2018	BAGLEY STIPEND & MILEAGE	BAGLEY 3/21/18	JIM BAGLEY	\$298.00
1900133059	52002445/2940	3/26/2018	FARRELL STIPEND & MILEAGE	FARRELL 3/21/18	STEVEN FARRELL	\$218.75
1900133060	52002445/2940	3/26/2018	WILLIAMS STIPEND & MILEAGE	WILLIAMS 3/21/18	DIANE WILLIAMS	\$225.73
1900133062	52002445/2940	3/26/2018	CURATALO STIPEND & MILEAGE COMM HRNG	CURATALO 3/21/18	JAMES CURATALO	\$227.25
1900133064	52002445	3/26/2018	LOVINGOOD STIPEND COMM HRNG	LOVINGOOD 3/21/18	ROBERT LOVINGOOD	\$200.00
1900133068	52002445	3/26/2018	RAMOS STIPEND COMM HRNG	RAMOS 3/21/18	JAMES LOVINGOOD	\$200.00
1900129220	52002895	3/20/2018	KONICA MINOLTA	INVOICE 31610116	KONICA MINOLTA	\$465.14
1900113628	52002905	3/2/2018	IVDA HEARING ROOM RENTAL MARCH 2018	INVOICE 549	INLAND VALLEY DEV AGCY	\$405.00
4100262070	52002076	3/28/2018	TUITION REIMBURSEMENT	REIMBURSEMENT	MICHAEL TUERPE	\$950.00
1900136487	52942943	3/28/2018	MEAL REIMBURSEMENT - ABCSD DINNER	REIMBURSEMENT	KATHLEEN ROLLINGS-MCDONALD	\$35.00
TOTAL						\$18,638.89
MONTH OF MARCH 2018 INTERNAL TRANSFERS PROCESSED						
	4100242375	3/2/2018	FEBRUARY 2018 DIAL TONE	ISD BILLING	ISD	\$328.40
	4100243376	3/1/2018	FEBRUARY 2018 EXCHANGE ACTIVE SYNC	ISD BILLING	ISD	\$16.61
	4100243376	3/1/2018	FEBRUARY 2018 DESKTOP SUPPORT	ISD BILLING	ISD	\$1,403.07
	4200006438	3/1/2018	MAIL SERVICES - DEL	COUNTY MAIL	COUNTY MAIL	\$178.60
	4200006439	3/1/2018	MAIL SERVICES - FLAT	COUNTY MAIL	COUNTY MAIL	\$147.67
	4200006443	3/1/2018	MAIL SERVICES - HAN	COUNTY MAIL	COUNTY MAIL	\$850.40
TOTAL						\$2,924.75
MONTH OF MARCH 2018 CASH RECEIPTS						
	40709545	3/14/2018	LAFCO 3207	INDIVIDUAL NOTICE		\$236.00
	40709660	3/14/2018	LAFCO 3207	ENVIRONMENTAL		\$36.94
	40709555	3/21/2018	LAFCO 3216 CITY OF UPLAND	INDEMNIFICATION		\$1,078.36
TOTAL						\$1,351.30
MONTH OF MARCH 2018 INTERNAL TRANSFERRED RECEIVED						
40709555	4200006285	3/1/2018	LAFCO 3216 COUNTY FIRE	INDEMNIFICATION		\$311.88

40709555	4200006873	3/12/2018	LAFCO 3216 COUNTY FIRE	INDEMNIFICATION		\$1,960.61
40709555	4200006872	3/15/2018	LAFCO 3216 COUNTY FIRE	INDEMNIFICATION		\$1,078.36
TOTAL						\$3,350.85
						
LA TRICI JONES, Clerk to the Commission				DATE	5/2/2018	
RECONCILIATION APPROVED BY:						
						
KATHLEEN ROLLINGS-McDONALD, Executive Officer				DATE	5/2/2018	

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490

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DATE: MAY 9, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #12A – REVIEW AND ADOPTION OF SCHEDULE OF
FEES, DEPOSITS AND CHARGES EFFECTIVE JUNE 1, 2018

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. For Environmental review:
 - a. Make the findings required by Section 15273(c) of the CEQA Guidelines as follows:
 - i. Filing and processing fees are authorized by Government Code Section 56383 to cover the estimated reasonable cost of providing the service; and,
 - ii. The rates and charges identified in the Schedule are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits; (2) purchasing or leasing supplies, equipment, or materials; and (3) meeting financial reserve needs and requirements.
 - b. Certify that the proposed revisions to the Schedule of Fees, Deposits, and Charges are statutorily exempt from the provisions of the California Environmental Quality Act and direct the Executive Officer to file a Notice of Exemption within five (5) days of this action.
2. Adopt the Schedule of Fees, Deposits, and Charges, as revised, to be effective June 1, 2018.
3. Adopt LAFCO Resolution No. 3267 reflecting the Commission's determinations related to the Schedule.

BACKGROUND:

At the April 18, 2017 hearing, LAFCO staff presented the Commission with its recommended changes to the existing Schedule of Fees, Deposits and Charges (hereafter the "Schedule"), and the Commission adopted the proposed Schedule (Attachment #1). On April 19, a copy of the proposed Schedule was forwarded to the County, the cities/towns, and the independent special districts for review and comment with a response requested by May 7. As of the date of this report, no comments have been received. However, if staff receives comments prior to the hearing they will be provided to the Commission along with staff's response at the hearing.

ENVIRONMENTAL REVIEW:

As for environmental review, the California Environmental Quality Act (CEQA) and the State CEQA Guidelines provide a statutory exemption for the review and modification of fee and rate schedules. Section 15273(c) of the CEQA Guidelines requires that the Commission make findings regarding such an exemption indicating specifically the basis for the claim of exemption. Staff recommends that the Commission make the findings required by Section 15273(c) of the CEQA Guidelines as follows:

- a) Filing and processing fees are authorized by Government Code Section 56383 to cover the estimated reasonable cost of providing the service; and,
- b) The rates and charges identified in the Schedule are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits; (2) purchasing or leasing supplies, equipment, or materials; and (3) meeting financial reserve needs and requirements.

Staff is recommending that the Commission determine this action is statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline section cited above. The Commission is required to file a Notice of Exemption with the Clerk to the Board within five working days of its action to approve the Schedule modifications. The environmental determination is included as Attachment #2.

CONCLUSION:

Staff recommends that the Commission adopt the revised Schedule, as presented, with an effective date of June 1, 2018, by taking the recommended actions outlined on page 1.

KRM/SM

Attachments:

- 1. [Revised Schedule of Fees, Deposits, and Charges](#)
- 2. [Environmental Determination](#)
- 3. [Draft Resolution No. 3267](#)

Revised Schedule of Fees, Deposits, and Charges

Attachment 1

LOCAL AGENCY FORMATION COMMISSION **FOR SAN BERNARDINO COUNTY**

SCHEDULE OF FEES, DEPOSITS AND CHARGES **EFFECTIVE JUNE 1, 2018**

The submission of a proposal to the Local Agency Formation Commission (hereinafter LAFCO) is not officially accepted for processing until the filing fees and deposits have been received (Gov't. Code Section 56383). These fees and deposits ordinarily involve the appropriate LAFCO filing fee and deposits for the recovery of the Commission's direct costs for such items as LAFCO Legal Counsel, environmental review, individual notification costs, and protest proceedings, etc. In addition, certain fees and charges are required at the conclusion of the application process and must be received prior to its official completion. Refer to Policy and Procedure Manual, Section II, Chapter 2 for the Commission's policy related to waivers and reductions of processing fees.

PROCESSING FEES

A. Processing Fees:

1. Annexation, Detachment, Reorganization – involving solely annexations and/or detachments:

Valley and Mountain Region

	Under 20 acres	20 – 150 acres	151 – 275 acres	Over 275 acres
City	\$ 6,000	\$ 8,000	\$ 10,000	\$10,000 plus \$1 per acre over 275 acres
District	\$5,000	\$ 6,500	\$ 8,000	\$8,000 plus \$1 per acre over 275 acres

Desert Region (North and South Desert)

	Under 100 acres	100 – 640 acres	641 – 1,920 acres	Over 1,920 acres
City	\$ 6,000	\$ 8,000	\$ 10,000	\$10,000 plus \$1 per acre over 1,920 acres
District	\$5,000	\$ 6,500	\$ 8,000	\$8,000 plus \$1 per acre over 1,920 acres

2. Reorganization

(For a reorganization that involves changes other than annexations and detachments, the fee will be based upon the components of the reorganization.

Sum of
Component
Fees

San Bernardino LAFCO
Schedule of Fess, Deposits, and Charges
June 1, 2018

- | | | |
|----|-------------------------------|---------|
| 3. | Sphere of Influence Amendment | \$5,000 |
|----|-------------------------------|---------|

The fees identified above for Items A-1 through A-3 shall be assessed for each area of consideration within the proposal. A single area means any separate geographical area requiring a legal description. A "single area" does not include two areas that are contiguous only at a point, or two or more areas that are contiguous to an existing boundary of a city or district but not to each other.

- | | | |
|----|---|---------|
| 4. | Dissolution, Merger, or Establishment of Subsidiary District(s) | \$5,000 |
|----|---|---------|

- | | | |
|----|---|----------|
| 5. | Formation or Consolidation of Special District(s) | \$15,000 |
|----|---|----------|

- | | | |
|----|--|--|
| 6. | Incorporation or Disincorporation of a City or Consolidation of Cities | |
|----|--|--|

- | | | |
|--|-------------------|----------|
| | a. Processing Fee | \$20,000 |
|--|-------------------|----------|

- | | | |
|--|---|-------------|
| | b. Comprehensive Fiscal Analysis for Incorporation or Disincorporation Proposal | Actual Cost |
|--|---|-------------|

(A \$50,000 deposit is required at the time the application is submitted. Applicants shall be required to reimburse the Commission for all costs associated with the preparation of the Comprehensive Fiscal Analysis in excess of the deposit prior to the scheduling of the Commission hearing. If the charges billed to LAFCO for the preparation of the required document are less than the amount of the deposit, the balance will be refunded to the applicant or applied to other categories where excess charges have been incurred.)

- | | | |
|--|--|-------------|
| | c. State Controller's Fiscal Review for Incorporations | Actual Cost |
|--|--|-------------|

(A \$25,000 deposit is required at the time a Request for State Controller Review is submitted. All costs in excess of this amount will be the responsibility of the Requestor for payment. Any balance remaining after payments are made to the State will be refunded to the Requestor of Review.)

- | | | |
|----|---|--------------|
| 7. | Activation/Divestiture of Functions and/or Services for Special Districts | \$7,500 each |
|----|---|--------------|

(The fee shall be assessed for each function or service proposed for change.)

- | | | |
|----|---|-------------|
| 8. | Verification of Petition Signatures by Registrar of Voters Office | Actual Cost |
|----|---|-------------|

(A \$200 deposit from the applicants is required at the time of petition submission. This amount will be refunded upon certification of the petition and determination of billable charges. The charges assessed by the Registrar of Voters Office to verify petition signatures shall be payable by the affected entity in the same manner as the verification of initiative petition signatures is billed.)

- | | | |
|----|---|---------|
| 9. | Request for Reconsideration of LAFCO Decision/
Environmental Determination | \$2,500 |
|----|---|---------|

(Should a reconsideration request require individual notice due to the extension of a special tax, then the proponent will be required to submit a deposit for the direct costs to produce and mail the individual notices.)

- | | | |
|-----|--|---------|
| 10. | Request for Extension of Time to Complete Change of Organization Proceedings (Gov't. Code Section 57001) | \$1,100 |
|-----|--|---------|

11. Workshop Fees Actual Cost

(Proponents of actions pending Commission review may request that a Commission workshop be held in their area. If the Commission agrees to conduct such a workshop session, the Commission may require reimbursement of all costs associated with that session by the proponents, subject to a \$1,000 deposit.)

**B. Processing Fee for Out-of-Agency Service Contract Review
(City or District):**

The following service contracts require a noticed Commission hearing and environmental review:

- | | | |
|----|--|---------------------------|
| 1. | Contracts involving developments such as: subdivisions/tracts as defined by the Subdivision Map Act (five or more units), Specific Plans | \$5,000 |
| 2. | Contracts involving the development of units requiring only a parcel map as defined by the Subdivision Map Act (up to four units) | \$1,000
per connection |
| 3. | Any contract for fire protection services outside a public agency's jurisdictional boundaries pursuant to Govt. Code Section 56134 | \$5,000 |
| 4. | Contracts to provide services outside a sphere of influence pursuant to Govt. Code Section 56133.5 | \$1,000 |
| 5. | Service Contract Requiring Approval Pursuant to Govt. Code Section 56133, Subsection (c) | \$750 |

The following service contracts request an exemption by the Commission or Administrative Review:

- | | | |
|----|--|---------|
| 6. | Development Related Request for Exemption from Govt. Code Section 56133, requires noticed Commission hearing | \$2,250 |
| 7. | Administrative Review of Non-development-related Out-of-Agency Service Contract (City or District) or Non-development Related Exemption from Govt. Code Section 56133 as Authorized by Commission Policy | \$500 |

PROCESSING DEPOSITS

Applicants shall be required to reimburse the Commission for all charges and costs in excess of the deposits outlined below. Reimbursement to LAFCO shall be required prior to issuance of the Certificate of Completion for jurisdictional changes or issuance of the Commission's resolution for service contracts or sphere of influence amendments/updates. If charges billed to LAFCO are less than the amount of deposit, the balance of the fee will be refunded to the applicant or applied to other categories where excess charges have been incurred.

A. Legal Counsel:

1. Legal Counsel Deposit

- a. Jurisdictional Change or Sphere of Influence Change (applicable to actions listed under Item A, #1 through #7)

\$300 non-refundable LAFCO fee	\$1,700 Deposit for LAFCO Legal Counsel costs	\$2,000 Total Deposit required upon application submission
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- b. Service Contracts Item B #1 through #5

\$300 non-refundable LAFCO fee	\$700 Deposit for LAFCO Legal Counsel costs	\$1,000 Total Deposit required upon application submission
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(It is the policy of this Commission that the costs for Special Counsel due to a representation conflict shall be the responsibility of the applicant. Refer to Policy and Procedure Manual, Section II, Chapter 2.)

2. Legal Defense

Actual Cost

(As a condition of approval of any action taken by LAFCO, the proponents shall be required to defend, indemnify and hold harmless LAFCO or its agents, officers, and employees from any claim, action, or proceeding against LAFCO or its agents, officers, and employees to attack, set aside, void, or annul the approval of LAFCO concerning the proposal or any action relating to, or arising out of, such approval when such action is brought within the applicable statute of limitations. Refer to Policy and Procedure Manual, Section II, Chapter 2.

B. Environmental Review:

1. Environmental Review Deposit

- a. Jurisdictional Change or Sphere of Influence Change (applicable to actions listed under Item A, #1 through #7)

\$200 non-refundable LAFCO fee	\$800 Deposit for LAFCO Environmental Consultant costs	\$1,000 Total Deposit required upon application submission
--------------------------------	--	--

San Bernardino LAFCO
Schedule of Fess, Deposits, and Charges
June 1, 2018

b. Service Contracts (Item B, #1 through #5)

\$200 non-refundable LAFCO fee	\$500 Deposit for LAFCO Environmental Consultant costs	\$700 Total Deposit required upon application submission
--------------------------------	--	--

(All applicants shall be required to pay the full costs of the Commission's Environmental Consultant's review regardless whether the Commission is the lead or responsible agency as defined under CEQA.)

2. Appeal of Environmental Recommendation \$750

3. Preparation of Environmental Impact Report Actual Cost

(A \$20,000 deposit with LAFCO shall be required before proceeding toward preparation of the required environmental documents.)

4. If the proposal requires that LAFCO prepare a Negative Declaration/Mitigated Negative Declaration or Environmental Impact Report as CEQA lead agency, the California Department of Fish and Wildlife CEQA Environmental Document Filing Fees are required to be paid at the time LAFCO files the Notice of Determination with the Clerk of the Board of the affected County. The fees listed below (which include the County's \$50 processing fee) are current as of January 1, 2018. The applicant will be notified of the appropriate fees, which must be received by LAFCO prior to the Commission hearing:

a.	Negative Declaration (LAFCO as lead agency)	\$2,330.75
b.	Environmental Impact Report (LAFCO as lead agency)	\$3,218.00

C. Individual Notice:

1. Deposit for Individual Notice (Registrar of Voters Review, and Registered Voter and Landowner Notification Requirements)

a. Proposals listed under Items A1, A2, A3, B1-B5

\$250 non-refundable LAFCO fee	\$450 Deposit for Individual Notification costs	\$700 Total Deposit required upon application submission
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(Pursuant to Policy and Procedure Manual, Section IV, Chapter 1, Policy 9: Individual Notice of Commission Hearings to Landowners and Registered Voters, the individual notice of Commission proceedings shall be provided for all changes of organization, sphere of influence changes, or development-related service contracts, except as identified in item C2 below. Please contact the LAFCO office if the proposal would require individual notice or is eligible for a waiver.)

b. Deposit for Publication of Display Ad in lieu of Individual Notice \$1,000
 Proposals listed under Items A4 – A7, and those actions where individual notice has been waived by the Commission.
 (Policy and Procedure Manual, Section IV, Chapter 1, Policy 9: Individual Notice of Commission Hearings to Landowners and Registered Voters)

San Bernardino LAFCO
Schedule of Fess, Deposits, and Charges
June 1, 2018

(In cases where the change would involve mailing more than 1,000 notices, the Commission may waive the individual notice requirement and direct its staff to publish a 1/8th page display ad in a newspaper of general circulation within the area. By policy, individual notice to landowners and registered voters shall not be waived for city island annexations filed pursuant to Government Code Section 56375.3, even if it includes more than 1,000 notices.)

2. **Additional Deposit for Proposals Extending an Existing Special Tax** **Actual Cost**

(Should a proposal require individual notice due to the extension of an existing special tax, the proponent will be required to submit a deposit for the direct costs such as: (1) the County Assessor to compile the mailing list, (2) outside printing to produce the printed notices, (3) and County Mail for shipping and handling, to include a \$250 non-refundable LAFCO fee. Please contact the LAFCO office for the estimated deposit cost.)

D. **Protest Proceeding:**

(Deposit required within 30 days of Commission approval of action. The Protest Hearing will not be set until deposit has been paid. Applicants shall be required to reimburse the Commission for any protest proceeding costs in excess of the deposit. Reimbursement to LAFCO shall be required prior to issuance of the Certificate of Completion. If charges billed to LAFCO are less than the amount of the deposit, the balance of the fee will be refunded to the applicant or applied to other categories where excess charges have been incurred.)

1. **All Proposals Subject to a Protest Proceeding**

\$200 non-refundable LAFCO fee	\$1,300 Deposit for LAFCO Protest Proceeding costs	\$1,500 Total Deposit required for Protest Proceeding
--------------------------------	--	---

2. **Additional Deposit for Proposals Extending an Existing Special Tax** **Actual Cost**

(Should a proposal require individual notice due to the extension of an existing special tax, the proponent will be required to submit a deposit for the direct costs such as: (1) the County Assessor to compile the mailing list, (2) outside printing to produce the printed notices, (3) and County Mail for shipping and handling, to include a \$250 non-refundable LAFCO fee.)

COMPLETION FEES AND CHARGES

Following Commission approval of an action, the following fees or charges may be required. LAFCO staff will notify the applicant at the time the Commission's resolution is forwarded which of the following fees or charges is applicable to the proposal:

- A. County Geographic Information Management System (GIMS) Processing, required prior to issuance of the Certificate of Completion for jurisdictional changes or issuance of the Commission's resolution for sphere of influence amendments/updates:

1. Changes requiring an update to current sphere or boundaries of participating agencies

(Fees identified below will be assessed for each area of consideration. The definition of area is provided under Processing Fees on Page 1.)

<u>Acreage</u>	<u>Primary Charge</u>	<u>Additional Agency</u>
0 to 100 acres	\$400	\$ 85
101 to 640 acres	\$550	\$110
641 to 2,560 acres	\$825	\$150
over 2,560 acres	\$1,100	\$175

2. Incorporation, Formation, or placement of a new agency boundary or sphere into the LAFCO-maintained GIMS system \$3,000

(The fees for incorporations or formations can be deferred until the new City/Town or District receives its first revenues. A request for deferral shall be made to the Executive Officer.)

- B. At the time the Certificate of Completion is forwarded to the State Board of Equalization (SBE), application types listed under Item A - Processing Fees Subsections 1 through 7 (except for Spheres of Influence), are charged a processing fee pursuant to SBE's adopted Fee Schedule (Government Code Section 54902.5). The fees listed below, as identified by SBE, are current as of January 1, 2011. LAFCO staff will notify the applicant of the appropriate fees:

Single Area Charges:

Less than 1 acre	\$300
1-5 acres	\$350
6-10 acres	\$500
11-20 acres	\$800
21-50 acres	\$1,200
51-100 acres	\$1,500
101-500 acres	\$2,000
501-1,000 acres	\$2,500
1,001-2,000 acres	\$3,000
2,001 acres and above	\$3,500

(Additional types of charges are outlined in the State Board of Equalization Fee Schedule. LAFCO staff will notify the applicant of the appropriate fees.)

MISCELLANEOUS CHARGES

- | | | |
|----|---|--------------|
| A. | Charges for Purchase of Paper Copies, per page | |
| | (1) from paper materials (requests in excess of 10 pages) | 10 cents |
| | (2) from existing digital data (requests in excess of 20 pages) | 5 cents |
| B. | Charges for Purchase of Digital Data | |
| | (1) placement of materials on CD | \$10 per CD |
| | (2) scan copies of paper materials (if applicable), per page | 5 cents |
| C. | DVD Copy of Commission Hearing | |
| | (available if production services are utilized for hearings) | \$25 per DVD |
| D. | Preparation of Transcript of Hearing | Actual Cost |

(Those requesting a transcript of a Commission hearing will be notified of the estimated cost for preparation. The Requestor will be required to provide a deposit in the amount of the estimated cost. All costs in excess of the deposit amount will be the responsibility of the Requestor for payment. Any balance remaining after final charges are determined will be refunded to the Requestor.)


KRM/June 1, 2018

Environmental Determination

Attachment 2

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
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www.sbclafco.org

DATE: MAY 7, 2018
FROM:  **SAMUEL MARTINEZ, Assistant Executive Officer**
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Environmental Determination – Revision of LAFCO for San Bernardino Schedule of Fees, Deposits, and Charges

The Local Agency Formation Commission is currently considering the revision of its “Schedule of Fees, Deposits, and Charges” which help support the services it provides to the County, cities/towns, special districts, and citizens of San Bernardino County. The California Environmental Quality Act (CEQA) and the State CEQA Guidelines provide a statutory exemption for the review and modification of fee and rate schedules. Specifically, Section 21080(b)(8) of CEQA and Section 15273(a) of the CEQA Guidelines provide for such statutory exemptions if such rates or charges are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits; (2) purchasing or leasing supplies, equipment, or materials; and (3) meeting financial reserve needs and requirements, etc.

Section 15273(c) of the CEQA Guidelines requires that the Commission make findings regarding such an exemption indicating specifically the basis for the claim of exemption. Staff recommends that the Commission make the findings required by Section 15273(c) of the CEQA Guidelines as follows:

- a) Filing and processing fees are authorized by Government Code Section 56383 to cover the estimated reasonable cost of providing the service; and,
- b) The rates and charges identified in the Schedule of Fees, Deposits, and Charges are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits; (2) purchasing or leasing supplies, equipment, or materials; and (3) meeting financial reserve needs and requirements.

Staff recommends that the Commission determine this action is statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline section cited above. The Commission is required to file a Notice of Exemption with the Clerk to the Board within five working days of its action to approve the Schedule modifications. A copy of this exemption shall be retained in the LAFCO file to serve as verification of this evaluation and as the CEQA environmental determination record.

Draft Resolution No. 3267

Attachment 3

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

HEARING DATE: MAY 16, 2018

RESOLUTION NO. 3267

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON THE ADOPTION OF A REVISED SCHEDULE OF FEES, DEPOSITS, AND CHARGES FOR FISCAL YEAR 2018-19.

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, Section 56383 of the California Government Code authorizes a Local Agency Formation Commission to establish a schedule of fees for the filing and processing of applications submitted to the Commission pursuant to the provisions of Government Code Sections 56000 et seq.; and,

WHEREAS, the Local Agency Formation Commission for San Bernardino County (hereinafter referred to as the "Commission") adopted the existing Schedule of Fees and Charges on May 18, 2016; and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by this Commission upon the proposed amendments to the Schedule of Fees, Deposits, and Charges; and,

WHEREAS, the Executive Officer has prepared a report including her recommendations thereon, said report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in any order or orders continuing such hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written support and opposition; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the proposed amendments, in evidence presented at the hearing;

NOW, THEREFORE, BE IT RESOLVED, that the Local Agency Formation Commission for San Bernardino County does hereby determine, resolve, order, and find as follows:

RESOLUTION NO. 3267

DETERMINATIONS:

SECTION 1. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

SECTION 2. The Local Agency Formation Commission hereby approves the revised Schedule of Fees, Deposits, and Charges, attached hereto as Exhibit “A”, effective June 1, 2018.

SECTION 3. FINDINGS. The following findings are noted in conformance with Commission policy and the provisions of State law:

1. Notice of the Commission's consideration of the Schedule of Fees, Deposits, and Charges amendment has been provided pursuant to the provisions of Government Code Section 66016. To date, no expressions of either in support or opposition to the proposed revisions to the Schedule of Fees, Deposits, and Charges have been received.
2. The Commission determines that the proposed revisions to the Schedule of Fees, Deposits, and Charges are statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to Section 21080(b)(8) of CEQA and Section 15273(a), Subsections (1), (2), and (3), of the State CEQA Guidelines. The Commission makes the following findings required by Section 15273(c) of the State CEQA Guidelines:
 - a. Filing and processing fees are authorized by Government Code Section 56383 to cover the estimated reasonable cost of providing the service for which the fee is charged.
 - b. The fees identified in the Schedule of Fees, Deposits, and Charges, attached as Exhibit "A", are for the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits; (2) purchasing or leasing supplies, equipment, or materials; and (3) meeting financial reserve needs and requirements.

The Commission hereby adopts the Statutory Exemption and directs the Executive Officer to file a Notice of Exemption within five (5) working days of adoption of the Commission's action with the San Bernardino Clerk to the Board of Supervisors.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission for San Bernardino County by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

* * * * *

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

I, KATHLEEN ROLLINGS-MCDONALD, Executive Officer of the Local Agency Formation Commission for San Bernardino County, California, do hereby certify this record

RESOLUTION NO. 3267

to be a full, true, and correct copy of the action taken by said Commission by vote of the members present as the same appears in the Official Minutes of said Commission at its regular meeting of May 16, 2018.

DATED:

KATHLEEN ROLLINGS-MCDONALD
Executive Officer

DRAFT

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
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DATE: MAY 9, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #12B – REVIEW AND ADOPTION OF FINAL BUDGET
FOR FISCAL YEAR 2018-19**

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. Adopt the Fiscal Year 2018-19 Final Budget as presented including:
 - a. The approval of the override of Policy and Procedure Manual Section II – Accounting and Financial, Policy 6 Reserves (B) which requires a minimum reserve of \$200,000;
 - b. The approval of the establishment a contingency account of less than 10% of total expenditures;
 - c. Making the finding, as required by Government Code Section 56381, that the approval of a budget less than that adopted for Fiscal Year 2017-18 for the upcoming fiscal year will, nonetheless, allow the Commission to fulfill its obligations under Government Code Section 56000 et seq; and,
 - d. The direction that the apportionment of net LAFCO costs be based upon the Auditor's information attached to this report;
2. Direct the Executive Officer to submit to the County Auditor-Controller the adopted Final Budget and request the apportionment of the Commission's net costs to the County, Cities/Towns and Independent Special Districts pursuant to the provisions of Government Code Section 56381 as shown in the approved Final Budget.

BACKGROUND:

The Commission's annual budget process began at the April 18 hearing through adoption of the Proposed Budget for Fiscal Year 2018-19. The Proposed Budget included an outline of the anticipated appropriations, revenues, and policy items for Commission consideration such as: the return to a full-time six person staffing with the addition of a full-time permanent Executive Officer and the maintenance of the contract Executive Officer for a three month transition period; payment of step increases, retirement costs and the implementation of the salary changes approved in the County Exempt Compensation Plan; and the transition of Legal Counsel from Clark Alsop to Paula De Sousa Mills from Best Best & Krieger.

At the April hearing the Commission took the actions necessary to address its financial position for the coming year by:

1. Adopting the override of two of its policies:
 - a. Policy and Procedure Manual Section II – Accounting and Financial, Policy 6 Reserves (B) which requires a minimum reserve of \$200,000; and,
 - b. Determining that it would not establish a contingency account of 10% of total expenditures;
2. Making the determination, as required by Government Code Section 56381, that the Commission finds that the approval of the reduced budget for the upcoming fiscal year will, nonetheless, allow the Commission to fulfill its obligations under Government Code Section 56000 et seq.

The staff is recommending that the approval of the final budget also include these actions.

On April 19th, the Proposed Budget was forwarded for review and comment, as required by Government Code Section 56381, to the County, each of the 24 Cities/Towns and independent Special Districts with the request to submit comments by May 7th for inclusion in the final report. As of the date of this report, no comments or concerns have been provided regarding the Proposed Budget as adopted at the April hearing. If concerns are received following the publication of this report, staff will provide those to the Commission at the hearing along with an oral response.

In conclusion, LAFCO staff has provided copies of the Final Budget Spreadsheet and Narrative recommended for adoption (Attachment #1 to this report). The apportionment for the County, Cities/Towns and Special Districts for Fiscal Year 2018-19 to be billed as of July 1, 2018 is included as Attachment #2.

The staff will be happy to answer any questions from the Commission prior to or at the hearing regarding any of the items within the budget documents or this report.

KRM/

Attachments:

1. [Final Fiscal Year 2018-19 Budget Spreadsheet and Narrative](#)
2. [Apportionment Schedules for FY 2018-19](#)

**Final Fiscal Year 2018-19
Budget Spreadsheet and
Narrative**

Attachment 1

FINAL BUDGET
FISCAL YEAR 2018-19

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 14-15	ACTUAL YEAR-END FY 15-16	ACTUAL YEAR-END FY 16-17	AMENDED BUDGET Apr-18	PROJECTED YEAR-END FY 17-18	PRELIMINARY BUDGET FY 18-19	PROJECTED BUDGET FY 19-20	PROJECTED BUDGET FY 20-21
	SALARIES AND BENEFITS								
1010	Regular Salary and Bilingual	\$ 434,318	\$ 432,740	\$ 466,526	\$ 483,128	\$ 477,434	\$ 632,018	\$ 654,025	\$ 665,746
1030	Auto and Cell Phone Allowances	17,000	17,000	17,000	17,065	17,000	21,577	17,654	17,000
1035	Overtime	201	395	38					
1045	Termination Payment		2,506	632					
1110	General Member Retirement	104,122	109,012	112,783	125,311	124,144	216,127	243,547	251,708
1130	Survivors Benefits	238	210	210	224	224	268	279	268
1135	Indemnification - General	20,634	16,739	18,264	15,887	16,980			
1200	Employee Group Insurance (Health Subsidy)	45,620	41,121	45,801	49,285	51,928	63,515	69,963	67,371
1205	Long-Term Disability	1,079	882	883	969	955	1,528	1,680	1,703
1207	Vision Care Insurance	822	771	771	825	822	986	1,024	986
1215	Dental Insurance & Health Subsidy	1,530	1,363	1,251	1,235	1,235	1,476	1,533	1,476
1222	Short-Term Disability	3,590	3,404	3,477	3,808	3,756	5,866	6,423	6,496
1225	Social Security Medicare	5,646	5,492	6,143	6,190	6,177	7,883	7,947	8,099
1235	Workers' Compensation	1,983	2,305	2,097	5,216	3,360	6,551	6,640	6,729
1240	Life Insurance & Medical Trust Fund	4,614	5,522	5,316	7,526	7,068	10,371	11,202	11,212
1305	Medical Reimbursement Plan	2,140	2,770	3,380	6,840	4,140	8,183	8,747	8,507
1310	ID Allowance Café			17,453	12,306	12,263	3,301	-	-
1314	457/401a Defined (LAFCO Contribution)	1,622	1,571	1,544	1,795	1,563	3,687	4,075	4,154
1315	401k Contribution	25,951	25,136	26,020	28,721	28,405	45,268	49,783	50,449
	TOTAL SALARIES & BENEFITS	\$ 679,860	\$ 668,940	\$ 729,589	\$ 766,331	\$ 757,453	\$ 1,028,605	\$ 1,084,519	\$ 1,101,904
	Staffing (Full time equivalent units)	5.5	5.5		5.5		6	6	6
	SERVICES AND SUPPLIES								
	Services:								
2035	Communications			\$ 1,053					
2037	COMNET Charge (ISF)	\$ 2,432	\$ 3,003	2,872	\$ 2,730	\$ 3,350	\$ 3,504	\$ 3,504	\$ 3,504
2038	Long Distance Charges	81	15						
2040	Relocation Charges - Phone Service		12,944	10,647		3,151	-	-	-
2041	Phone Service/Outside Company	422	670	947	10,318	4,414	8,813	8,813	8,813
2043	Electronic Equipment Maintenance	498	926			6,159	3,236	-	-
2075	Membership Dues	8,509	8,733	9,338	9,831	9,973	10,426	10,801	11,125
2076	Tuition Reimbursement	100	100	2,000	3,000	950	2,000	2,000	2,000
2080	Publications	2,690	2,383	3,021	3,288	4,291	3,187	3,283	3,381

FINAL BUDGET
FISCAL YEAR 2018-19

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 14-15	ACTUAL YEAR-END FY 15-16	ACTUAL YEAR-END FY 16-17	AMENDED BUDGET Apr-18	PROJECTED YEAR-END FY 17-18	PRELIMINARY BUDGET FY 18-19	PROJECTED BUDGET FY 19-20	PROJECTED BUDGET FY 20-21
2085	Legal Notices	12,936	18,860	18,129	20,284	19,371	17,250	17,250	17,250
2090	Miscellaneous Expense (Costs related to move)			100,000	121,683	109,191	7,000	7,171	7,347
2115	Computer Software	4,234	5,777	2,552	3,502	3,520	3,277	3,376	3,477
2125	Inventoriable Equipment	4,660		2,685	17,000		-	-	-
2130	Moving Expenses								
2180	Electricity for Office				4,800	2,467	4,356	4,487	4,621
2182	Electricity					2,055			
2195	Reimbursement Services and Supplies	-	-						
2245	Other Insurance	7,128	7,085	9,100	9,050	10,013	9,965	10,364	10,778
	Supplies:								
2305	General Office Expense	12,844	6,364	8,105	7,410	9,017	5,834	6,009	6,189
2308	Credit Card Clearing Account	(1,628)	467	(465)		3			
2309	Visa Temp Card		267						
2310	Postage - Direct Charge	19,869	56,031	75,917	20,694	12,887	6,656	6,656	6,656
2315	Records Storage	620	596	749	696	666	715	737	759
2316	Surplus Handling	-							
2323	Reproduction Services	2,601	13,046	15,084	21,274	1,639	-	-	-
2335	Temporary Services	-		3,033	7,650	132	-	-	-
	Consultant & Special Services:								
2400	Prof & Special Service (Legal Counsel)	28,042	40,346	37,867	196,153	133,108	39,300	40,479	41,693
2405	Auditing	8,000	14,258	11,492	11,783	10,819	11,019	11,219	11,419
2410	Data Processing	6,848	8,244	7,827	7,827		12,851	12,851	12,851
2415	COWCAP	6,308		13,236	20,000	8,458	10,109	10,109	10,109
2420	ISD Other IT Services	753	4,614	245	210	185	225	225	225
2421	ISD Direct	10,157	10,073	8,949	8,927	14,517	18,755	19,318	19,897
2424	Mgmt & Tech (Environmental Consultant)	11,288	11,329	9,077	6,650	6,915	7,350	7,350	7,350
2444	Security Services	408	444	390	408	1,168	468	468	468
2445	Other Prof (Commission, Surveyor, ROV)	42,133	123,413	124,571	140,385	116,915	43,561	43,561	43,561
2449	Outside Legal (Litigation & Special Counsel)	3,956	4,319			-	-	-	-
2450	Application Development Support	216	345		200	-	200	200	200
2460	GIMS Charges	10,608	13,656	13,500	16,170	13,500	16,170	16,170	16,170

FINAL BUDGET
FISCAL YEAR 2018-19

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 14-15	ACTUAL YEAR-END FY 15-16	ACTUAL YEAR-END FY 16-17	AMENDED BUDGET Apr-18	PROJECTED YEAR-END FY 17-18	PRELIMINARY BUDGET FY 18-19	PROJECTED BUDGET FY 19-20	PROJECTED BUDGET FY 20-21
	Lease/Purchases:								
2895	Rent/Lease Equipment (copier)	4,912	4,743	7,226	7,200	5,891	4,800	4,800	4,800
2905	Office/Hearing Chamber Rental	51,219	57,125	49,874	82,788	100,455	99,212	99,212	99,212
	Travel Related Expenses:								
2940	Private Mileage	2,410	3,868	4,963	4,855	3,725	6,010	6,010	6,010
2941	Conference/Training	6,817	3,974	6,465	6,140	5,249	5,330	5,330	5,330
2942	Hotel	6,838	5,053	12,417	10,550	6,992	7,920	7,920	7,920
2943	Meals	1,150	1,098	1,502	2,235	818	1,735	1,735	1,735
2944	Car Rental	227	107	228	200	309	200	200	200
2945	Air Travel	3,705	2,629	4,188	2,000	3,249	800	800	800
2946	Other Travel	1,676	887	871	400	659	400	400	400
	Other Charges:								
5012	Services Out (Staples)	4,742	1,449	14	1,200	184	1,200	1,200	1,200
TOTAL SERVICES & SUPPLIES		\$ 290,409	\$ 449,237	\$ 579,668	\$ 789,491	\$ 636,364	\$ 373,835	\$ 374,007	\$ 377,452
TOTAL EXPENDITURES		\$ 970,269	\$ 1,118,178	\$ 1,309,258	\$ 1,555,822	\$ 1,393,817	\$ 1,402,440	\$ 1,458,526	\$ 1,479,356
	RESERVES								
6000	Contingency			\$ -	\$ 63,077		\$ 20,442	\$ 38,301	\$ 96,158
6010	Net Pension Liability Reserve			-	148,450		184,963	221,476	257,947
6025	General Reserve - Litigation			-	200,000		85,608	110,000	185,500
6030	Compensated Absences Reserve			(1,216)	89,708		97,377	109,324	110,417
TOTAL CONTINGENCIES & RESERVES		\$ -	\$ -	\$ (1,216)	\$ 501,235	\$ -	\$ 388,390	\$ 479,101	\$ 650,022
TOTAL APPROPRIATION		\$ 970,269	\$ 1,118,178	\$ 1,308,042	\$ 2,057,057	\$ 1,393,817	\$ 1,790,830	\$ 1,937,627	\$ 2,129,379

FINAL BUDGET
FISCAL YEAR 2018-19

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 14-15	ACTUAL YEAR-END FY 15-16	ACTUAL YEAR-END FY 16-17	AMENDED BUDGET Feb-18	PROJECTED YEAR-END FY 17-18	PRELIMINARY BUDGET FY 18-19	PROJECTED BUDGET FY 19-20	PROJECTED BUDGET FY 20-21
	CONTRIBUTION REVENUES								
	Use of Money:								
8500	Interest	\$ 4,287	\$ 5,917.01	\$ 9,318	\$ 8,000	\$ 12,134	\$ 11,000	\$ 13,000	\$ 15,000
	Mandatory Contribution from Governments:								
8842	Local Government -- For FY 2018-19 apportionment to County, Cities, and Independent Special Districts (\$368,499 total for each category)	864,822	882,117	926,223	1,009,583	1,009,583	1,105,497	1,149,717	1,195,706
							9.50%	4.00%	4.00%
	Fees and Deposits (Current Services):								
9545	Individual Notice	5,912	56,670	27,507	42,320	5,077	6,700	8,040	8,844
9555	Legal Services	9,195	26,361	10,311	40,185	37,928	18,000	21,600	23,760
9595	Protest Hearing		33,297	34,000	43,620	1,500	7,200	8,640	9,504
9655	GIMS Fees	7,580	12,505	5,015	7,520	5,790	6,370	7,644	8,408
9660	Environmental	12,005	12,940	7,145	6,000	2,531	7,000	8,400	9,240
9800	LAFCO Fees	95,619	260,206	117,531	127,773	42,321	96,830	116,196	127,816
	Total Fees and Deposits	130,311	401,978	201,509	267,417	95,147	142,100	170,520	187,572
	TOTAL CONTRIBUTION REVENUES	999,420	1,290,012	1,137,049	1,285,000	1,116,864	1,258,597	1,333,237	1,398,278
	OTHER REVENUES								
9910	Prior Year Activity (refunds, collections)	\$ (2,472)	\$ (30)	\$ (20,757)	\$ (1,250)	\$ 2,438	\$ 13,999	\$ 14,000	\$ 20,000
9930	Miscellaneous Revenues	2,211	12,040	345	2,000	1,130	2,000	2,000	2,000
9970	Carryover of Open Proposals/Projects	16,510	55,114	42,219	23,671	5,008	15,000	25,000	30,000
9970	Carryover from Prior Year, Assigned	250,087	186,960	296,065	101,683	101,683	-	175,000	200,000
	TOTAL OTHER REVENUES	266,335	254,084	317,873	126,104	110,259	30,999	216,000	252,000
	TOTAL REVENUES	\$ 1,265,755	\$ 1,544,096	\$ 1,454,922	\$ 1,411,104	\$ 1,227,123	\$ 1,289,596	\$ 1,549,237	\$ 1,650,278
	RESERVES FROM PRIOR YEAR, as of July 1								
9970	Contingency	\$ 99,872	\$ 87,356	\$ 155,501	\$ 155,501	\$ 155,501	63,077	20,442	38,301
9970	Net Pension Liability Reserve	46,780	56,432	82,750	117,097	117,097	148,450	184,963	221,476
9970	General Reserve - Litigation	250,000	300,000	291,007	284,917	284,917	200,000	85,608	110,000
9970	Compensated Absences Reserve	66,620	72,897	76,607	88,438	88,438	89,708	97,377	109,324
	TOTAL RESERVES FROM PRIOR YEAR	\$ 463,272	\$ 516,685	\$ 605,865	\$ 645,953	\$ 645,953	\$ 501,235	\$ 388,390	\$ 479,101
	TOTAL REVENUE AND RESERVES	\$ 1,729,027	\$ 2,060,781	\$ 2,060,787	\$ 2,057,057	\$ 1,873,076	\$ 1,790,831	\$ 1,937,627	\$ 2,129,378
	Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance.								
						Over/Under	\$ 0	\$ 0	\$ (0)

NARRATIVE FOR FY 2018-19

FINAL BUDGET

SALARIES AND BENEFITS

1000 SERIES

FY 2017-18

Salaries and Benefits (1000 series) for FY 2017-18 was budgeted at \$766,331 for 5.5 positions: one Contract Executive Officer (limited to 960 paid hours per year), Assistant Executive Officer, Project Manager, LAFCO Analyst – GIS/Database Manager, Clerk to the Commission/Office Manager, and Administrative Assistant. The Commission has an approved 2% longevity pay for those employees with 15 years of service. This benefit applies, at this time, to the Assistant Executive Officer and Administrative Assistant. Year-end expenditures for the 1000 series are estimated to be \$757,597, approximately \$8,834 under budget.

FY 2018-19

The staffing pattern for the Commission will change in FY 2018-19 returning to a full staffing component. Recruitment conducted during the spring of 2018 should provide for a full-time Executive Officer (the first since 2010-11) effective July 2018. Staffing is anticipated to be – a full-time Executive Officer, completion of the contract with the prior Executive Officer (July 1, through September 30, 2018 transition period), Assistant Executive Officer, Project Manager, LAFCO Analyst – GIS/Database Manager, Clerk to the Commission/Office Manager and Administrative Assistant.

By adopted policy the Commission mirrors the County's Exempt Compensation Plan. This Plan was amended in January 2018 to provide for a three year program of cost-of-living increase of three percent annually beginning July 21, 2018; made the determination that employees shall be eligible for step advancement after completion of 1040 hours (approximately 6 months) until the top step; eliminated the bi-weekly supplemental retirement contribution amounts rolling them into salary prior to calculation for increases; determined to return to allowing for the cash out of administrative leave annually, an increased the Medical Premium Subsidy to \$234.50 for employee only, \$361.19 for employee plus one family member; and \$495.34 for employee plus 2 or more family members. The spreadsheet captures all of these changes in its projections for FY 2018-19.

As the Proposed Budget Spreadsheet identifies, FY 2018-19 budgets a total expenditure of \$1,028,605. This includes the step changes in salary appropriate for staff members, budgeting for all benefits, and retirement rate increase of 7.24% for Tier 1 (projected at 5 employees) and 13.99% for Tier 2 (1 employee).

FY 2019-20 and 2020-21

The forecast for FY 2019-20 and 2020-21 includes the retention of a six-person staff with scheduled across-the-board salary increase of three percent effective July 20, 2019 and July 18, 2020 as authorized for approval at the April 16, 2018 hearing. In addition, Fiscal Year 2019-20 includes the payment of 27 pay periods (a once every 10-year occurrence) and Fiscal Year 2020-21 includes the addition of another employee receiving the 25 year longevity increase.

LINE ITEM ACCOUNTS FOR SALARIES AND BENEFITS FOR FISCAL YEAR 2018-19

Fiscal Year 2018-19 signals the return to a full-time staff component for the Commission. It is anticipated that it will start the year with six full-time employees having hired a full-time Executive Officer and will have the transition staffing with the contract Executive Officer. The following accounts have been developed using this information.

Regular Salary – Account 1010: \$632,018

Salaries are calculated for six positions that includes the full-time Executive Officer, 360 hours for the contract Executive Officer for transition period (ending September 30, 2018), 3% salary cost of living increase, inclusion of the former supplemental retirement funding to a portion of base pay, three employees receiving step increases at 6-month intervals, and 15-year 2% longevity pay for the Assistant Executive Officer and Administrative Assistant. Cash out amounts included in this line item account (estimated at \$19,134) for the annually declared vacation/holiday leave cash outs and the reactivation of the cash-out of administrative leave that remain unused at the end of the calendar year. The salaries by position are:

Executive Officer	\$171,610
Contract Executive Officer (transition--360 hours)	43,555
Assistant Executive Officer	119,128
Project Manager	92,227
LAFCO Analyst (GIS/Database Mgmt)	62,816
Clerk to the Commission	64,335
Administrative Assistant	59,213

BENEFITS

For employee benefits, LAFCO mirrors those provided in the County's Exempt Compensation Plan as identified in the LAFCO Policy and Procedure Manual and contracts with the County to administer the benefits for its employees. Benefit allocations are calculated for the regular LAFCO positions, along with the payment of the car and cell

phone allowance benefits for both the full-time Executive Officer and the transition contract Executive Officer, except where identified otherwise.

Merit Incentive (Car and Cellphone Allowance) – Account 1030: \$21,577

The LAFCO Benefit Plan allocates to the Executive Officer a \$561.54 car allowance and a cellphone allowance of \$92.31 per pay period. The contract Executive Officer transition period continues to provide for payment of this benefit per terms of the contract.

Termination Payment – Account 1045: \$0.00

The LAFCO Benefit Plan provides that at separation from LAFCO service, employees are required to contribute the cash value of their unused sick-leave to the Retirement Medical Trust Fund at the rate of 75% of the cash value of the employee's unused sick leave hours. Should such occur, revenues would transfer from the Compensated Absence Reserve for payment.

General Member Retirement – Account 1110: \$216,127

Calculation for the payment of the LAFCO (employer) retirement contribution is based upon the rate of 37.03% of salaries paid for Tier 1 (5 employees including new Executive Officer) and 34.03% for Tier 2 (1 employee). The retirement rate is increasing by 7.24% (Tier 1) and 13.99% (Tier 2).

At last year's final budget consideration staff identified that SBCERA had revised its rate projections due to lower actual returns coupled with a decrease in future return rates. The result was a substantial increase through 2021-23. However, the current information provided by SBCERA has lessened the increase for future years. The chart below provides the approved rates from FY 2016-17 through FY 2017-18, the approved SBCERA rate for FY 2018-19 but not yet adopted by the County Board of Supervisors, and the SBCERA projections through 2023-24, based upon information provided by SBCERA.

YEAR	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
TIER 1	33.05	34.53	37.03	37.55	38.12	38.34	37.90	37.87
TIER 2	29.50	30.09	34.30	34.82	35.39	35.61	35.17	35.14

Survivor's Benefits – Account 1130: \$268

\$1.72 per employee per pay period.

Indemnification General – Account 1135: \$0

This account in the past allocated the funding necessary to cover additional employee retirement payments pursuant to the provisions of the LAFCO Benefits Plan. Pursuant to the County Exempt Compensation Plan amendments made in January 2018 these rates have been included in salary prior to the application of the salary increase.

Employee Group Insurance (Health Insurance Subsidy) – Account 1200: \$63,515

This account allocates a Medical Premium Subsidy in an amount that has been augmented to include the dollars from the Flexible Benefit Plan. These payments are estimated for all

six full-time employees. Effective July 21, 2018 the subsidy is paid only toward coverage chosen by the employee as follows:

	Scheduled for 40 to 60 hours	Scheduled for 61 to 80 hours
Employee Only	\$117.25	\$234.50
Employee +1	\$180.60	\$361.19
Employee +2	\$247.67	\$495.34

Long Term Disability – Account 1205: \$1,528

This cost is calculated at 27 cents per \$100 of base pay.

Vision Care Insurance – Account 1207: \$986

This cost is calculated at \$6.32 per employee per pay period.

Dental Insurance and Health Subsidy – Account 1215: \$1,476

This account allocates the Dental Premium Subsidy of \$9.46 per employee per pay period that, when combined with the Medical Subsidy, would offset the cost of out-of-pocket dental expenses charged to eligible employees.

Short Term Disability and Family Medical Leave Overhead – Account 1222: \$5,866

LAFCO employees are provided with short-term disability by contract with the County at a cost of 0.99% of salaries per pay period. In addition, the administrative cost for the Family Medical Leave is calculated at \$1.62 per pay period for each regular employee and the contract Executive Officer as required by law.

Social Security Medicare – Account 1225: \$7,883

For employees entering LAFCO service after 1985, contribution to the federal Social Security Medicare system is mandatory. The cost is calculated for five positions (the current Administrative Assistant was hired into the County system in 1985; therefore, does not pay into Social Security Medicare), and the contract Executive Officer at the rate of 1.41% of base compensation as required by law.

Worker's Compensation – Account 1235: \$6,551

This account is for worker's compensation insurance. LAFCO purchases this insurance through the Special District Risk Management Authority (SDRMA), a joint powers authority. SDRMA has indicated that rates are not increasing from the prior year and is estimated to be \$1.07 per \$100 of salaries and Commissioner stipend payments.

Life Insurance and Medical Trust Fund– Account 1240: \$10,371

This account contains costs associated with term life insurance (\$1.80 per pay period per employee), variable life insurance, and contributions to the Retirement Medical Trust Fund (based upon years of service).

Other (Medical Reimbursement Plan) – Account 1305: \$6,840

This account is for the Commission's matching payment toward an Exempt Medical Reimbursement Plan for employees of up to \$40 per employee per pay period and the Healthy Lifestyles membership up to \$324. Staff estimates full utilization of this benefit by all regular employees.

Allowance, Cafeteria – Account 1310: \$3,301

The Commission authorized changes to the compensation for the contract Executive Officer to include a bi-weekly medical subsidy of \$471.70 per pay period. This funds the payments for the period July 1 through September 30, 2018.

Deferred Compensation – Account 1314: \$3,687

LAFCO matches employee contributions to the 457 savings plan of the County up to ½% match of the employee's base salary (Groups B and C) and the Executive Officer, the sole Group A position, which is eligible for a benefit of up to 1% match. The appropriation anticipates full participation by all regular employees in this plan.

401(k) Contribution – Account 1315: \$45,266

LAFCO matches employee contributions to the 401(k) savings plan of the County: for Groups A and B up to 8% match of the employee's base salary and Group C up to a 6% match. The appropriation anticipates full participation by all regular employees.

SERVICES AND SUPPLIES

2000 AND 5000 SERIES

FY 2017-18

Fiscal Year 2017-18 included the monumental task of moving the staff office to the Santa Fe Depot occupying the former Harvey House area. Renovations and construction was completed in early July 2017 and the move took place on July 26, 2017. The current year has seen a precipitous drop in application submission, thereby funded activity level. However, the staff work in conducting the second cycle service reviews in-house has continued with the presentation of the retail water municipal service review in July 2017 and the wastewater review anticipated for presentation at either the June or July 2018 hearing. In late April/early May staff anticipates commencement of the countywide service review for fire protection/emergency medical response/ambulance.

LAFCO staff continues to operate under the direction provided by the Commission in September 2015 hearing, that the staff prioritize its activities to address the fire proposals submitted as the top priority, other jurisdictional changes next, and service reviews to follow. The approval of a consultant for supplemental staffing has helped this year with the processing burden as well as assisting on the compilation and development of the complex service review reports.

For FY 2017-18, Services and Supplies had a final budgeted amount set through amendments and other actions of \$789,491 and are estimated, at this time, to be 89% expended at the conclusion of the fiscal year for a total of \$636,364.

The Commission has expressed its desire to provide continuing governance training for the special districts within the County. The Commission continued this program for FY 2017-18 and staff developed an education program in coordination with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) – see chart below. The sessions were well attended with positive survey results.

Educational Training Program Timeline		
Training Session	Collaboration	Date
Technology and the Public Records Act: Recent Legal Developments and Current Challenges	California Special Districts Association	December 2017
Transparency Strategies	Institute for Local Government	January 2018
Fraud Detection and Prevention for Local Government Agencies	California Special Districts Association	March 2018

The balance of the Services and Supplies categories anticipate the maintenance of current activities.

The Commission continues to outsource its environmental processing through its contract with Tom Dodson and Associates, the processing of its accounting operations through the County Auditor's office, and the maintenance of computer systems through the County's ISD.

FY 2018-19

The total budgeted amount for Services and Supplies for FY 2018-19 is \$372,535 which is a decrease of roughly \$265,794 or 41.6% from the 2017-18 estimated year-end. This is attributed to the completion of the staff office move and staff's projection that no further anticipated litigation unrelated to a LAFCO proposal will occur. The following work plan items are included in the staff's budget projections:

- It is anticipated that proposal processing activity for FY 2018-19 will continue at the same magnitude as the prior year, a reduction from the previous two years. Staff has identified nine proposals that are anticipated to be received in FY 2018-19 or earlier. Staff anticipates that these proposals will remain complex and controversial.

- Ongoing projects include the continuation of the Fiscal Indicators program adding the data for 2017 for viewing on the LAFCO website by December 2018.
- The Commission will be transitioning its Legal Counsel from Clark Alsop to Paula De Sousa Mills from Best Best & Krieger. Mr. Alsop has represented the Commission for 43 years, first as a Deputy County Counsel beginning in July 1975 through his employment with Best Best & Krieger in 1985. This change also necessitated a review and update to the contract for service which is included in this budget review as Item 6(b) (ii). The change in Legal Counsel rate has been included in the budget projections.
- The Commission's Governance Training Program is budgeted to continue for the special districts and other governments within the County. We extend the opportunity for participation to special districts and governments within Riverside County. For the coming year, the budget anticipates at least three courses by either the California Special Districts Association (CSDA) or the Institute for Local Government (ILG) plus a general LAFCO 101 to be conducted by LAFCO staff and the CALAFCO Executive Director. The total program cost for the year is estimated at roughly \$7,500.

Proposed Educational Training Program Fiscal Year 2018-19		
Training Session	Collaboration	Date
LAFCO 101	San Bernardino LAFCO & CALAFCO	December 2018
Policy and Procedure Writing	California Special Districts Association	January 2019
Customer Service in the Public Sector	Institute for Local Government	February/March 2019

Staff proposes to continue to outsource the Commission's environmental processing through its contract with Tom Dodson and Associates, the conduct of its annual audit for the third year of a four year contract with the accounting firm Davis Farr, the processing of its accounting operations through the County Auditor's office, and the maintenance of computer systems and electronic communication through the County's Information Services Department. The budget projections also include maintenance of hearings at the Norton Regional Event Center and the payments for the office lease, amortized loan payment with SBCTA, and Common Area Maintenance costs to SBCTA. The budget does not include any funding for outside consultants or contract staffing.

FISCAL YEARS 2019-20 and 20-21

Based upon the approval of the staff recommendations for FY 2018-19, it is anticipated that a 3% consumer price index increase will be applied to those categories sensitive to such changes for purchases and the maintenance of the other existing levels of service in FY 2019-20 and 20-21. In addition, the payment of annual cost for the amortized tenant improvements have been included in the projections.

LINE ITEM ACCOUNTS FOR SERVICES AND SUPPLIES FOR FISCAL YEAR 2018-19

SERVICES

Comnet Charge – Account 2037: \$3,504

Comnet is the County's telephone system and supports the new computer linked phone system. Charges for use of this system are \$28.44 per line per month. LAFCO utilizes twelve phone lines, including the answering/fax line and conference phone.

Phone Service/Outside Company – Account 2041: \$8,813

The use of phone service outside the County system (Spectrum) is required by the security alarm company to ensure proper monitoring for the LAFCO office. The monthly phone charge is roughly \$62 per month. Additionally, monthly charges to Spectrum of \$673 are required for the access to a fiber optic line, enabling access to the internet, County intranet, and telephone.

Electronic Equipment Maintenance – Account 2043: \$3,236

County Information Services Department (ISD) has identified an allocation of \$3,236 for LAFCO in its projections for Intra-Service Funds.

Membership Dues – Account 2075: \$9,831

This account is for membership in professional associations. Dues are estimated to be \$8,976 (four percent increase) for CALAFCO and \$1,500 for California Special Districts Association.

Tuition Reimbursement – Account 2076: \$2,000

Pursuant to the LAFCO Benefits Plan, employees can be reimbursed for up to \$1,000 for approved tuition, course/seminar or degree related expenses, and membership dues in professional organizations. This appropriation provides for full participation by two employees.

Publications – Account 2080: \$3,187

This account anticipates costs for updates to the California Legislative Codes, California Environmental Law pamphlets, and other publications and/or updates utilized by either staff or the Commission and the monthly California Planning and Development Newsletter. As a cost savings measure, the Commission has participated in a contract with West's Publishing

Customer Loyalty program to receive updated pocket parts to the California Annotated Code.

Legal Notices – Account 2085: \$17,250

The budget figure accommodates the advertising needs for maintenance of a ten hearing schedule and estimated five protest hearings. An eighth-page display ad in general newspapers is required for the countywide service reviews and when advertisement is authorized in-lieu of individual landowner and/or registered voter notice for changes of organization.

Miscellaneous Expense (Costs related to maintenance of office) – Account 2090: \$7,000

Staff has identified a single account for costs related to the ongoing maintenance of the LAFCO office, items such as HVAC filters and cleaning, janitorial services, etc. This account had been previously used for the costs for office renovation and relocation to the Santa Fe Depot.

Computer Software – Account 2115: \$3,277

The account accommodates the charges for purchases of new software programs, access to online programs, and annual updates of existing programs. Access to online programs and annual updates of existing programs include ESRI's online mapping, digital archiving software for LAFCO to maintain its records in perpetuity per Government Code Section 56382, upgrade to the current Adobe Acrobat for all employees, and Microsoft annual licenses.

Inventoriable Equipment – Account 2125: \$0

No costs anticipated during the fiscal year.

Electricity – Account 2180: \$4,356

With the approved office relocation to the Santa Fe Depot, LAFCO is now responsible for payment of the office electricity. Staff estimates a cost of \$363 per month.

Other Insurance – Account 2245: \$9,965

This account is for property liability insurance (liability and damage), general liability, public officials and employee errors and omissions, personal liability for board members, employment practices liability, employee benefits liability, employee dishonesty coverage, and auto liability. LAFCO purchases this insurance through the Special District Risk Management Authority (SDRMA), a joint powers authority. SDRMA has provided notification rates will increase 6% for the coming year.

SUPPLIES

General Office Expense – Account 2305: \$5,834

This account is utilized for expenses to run the office such as office supplies and non-inventoriable items. General expenses include ink for the color printer, paper, petty cash reimbursement, annual fire inspection fee, and office supplies.

Credit Card Clearing Account – Account 2308: \$0

This is a clearing account for use of the credit card issued to the Executive Officer. All charges on the card will be posted to this account temporarily with charges then transferred to the appropriate accounts. At year's end, this account will have no expenditures.

Postage – Direct Charge – Account 2310: \$6,656

The shift to provide the agenda packet online has reduced overall postage costs. This expense item includes postage and handling for 10 hearings and interoffice mail, including special pick-ups, pursuant to the County's Internal Service Rates.

Records Storage – Account 2315: \$715

This account pays the cost for off-site retention of proposal files. Government Code Section 56382 mandates LAFCO to maintain its records in perpetuity.

Reproduction Services – Account 2323: \$0.00

This account is for reproduction activity outside of the LAFCO office (County Printing Services, Kinkos, etc.). No costs are anticipated at this time.

Temporary Services – Account 2335: \$0.0

The use of temporary services provides clerical support for processing large proposals. No costs are anticipated at this time.

CONSULTANT AND SPECIAL SERVICES

Professional and Special Service (Legal Counsel) – Account 2400: \$39,300

Item 6(b) (i) on the April agenda is to approve a new Legal Services Agreement with Best Best & Krieger as Clark Alsop, LAFCO's Legal Counsel for the past 43 years, is stepping down. The new contract for LAFCO Legal Counsel sets the initial rate for general counsel at \$250 per hour and allows for an annual rate increase based on the local consumer price index for the previous year for urban consumers not to exceed five percent and rounded up to nearest dollar. All legal counsel costs, with the exceptions of administrative charges and the CALAFCO Conference, are reimbursable under the Commission's existing fee policy. Special Counsel charges will be set at \$300 per hour for the first two years of the contract and then will increase at the same percentage as general counsel hourly rates. Litigation and outside legal counsel costs are charged under Account 2449 below. LAFCO also participates in Best, Best, & Krieger's *Public Policy and Ethics Service* which has an annual charge of \$3,300.

Auditing – Account 2405: \$11,019

This will be the third year of a four year contract with Davis Farr LLP for independent auditing services, contracted amount is \$7,800 for this engagement. Additionally, LAFCO Legal Counsel charges for the preparation of the response to the audit is also paid from this account (estimated at \$200). SBCERA is required to determine the unfunded liability for its participants and by legislative action can charge for fulfilling that requirement. The estimated cost for SBCERA is \$3,019.

Data Processing – Account 2410: \$12,851

LAFCO contracts with the County Information Services Department for technology related services. This account is for technology infrastructure (internet, email, security, etc.) and reporting from the County payroll system. The budget utilizes a monthly average of \$1,070.

COWCAP – Account 2415: \$10,109

COWCAP costs include administrative charges for technology - emerging technologies, use of County Purchasing, and processing of payments and payroll through the County Auditor which are charged to LAFCO pursuant to existing agreements.

ISD Other IT Services – Account 2420: \$225

This account is for charges by the County Information Services Department for the Executive Officer's portable communication device (smart phone) connection to County e-mail servers - \$17.47 per month per device.

ISD Direct – Account 2421: \$18,755

LAFCO contracts with the County Information Services Department for technology related services. This account is for maintenance of the local area network of computers, printers, and servers. The County charges a flat monthly charge by device rather than by service call activity. The monthly charge is \$119.41 per device for 12 devices, \$1,433 per month. Staff is now contracting with ISD to provide for a virtual server rather than house a server at the office location. This involves a \$130 per month charge.

Environmental Consultant – Account 2424: \$7,350

The Commission contracts with an independent consultant, Tom Dodson and Associates, for the environmental assessment associated with its proposals. Anticipated costs are for environmental analysis of out-of-agency service contracts, proposals, sphere of influence updates and service reviews, and for other environmental determinations. Most environmental consultant costs are billable under the Commission's existing fee schedule. Payments made for cost recovery are deposited into Revenue Account 9660. Additionally, this account includes the required payment for Notice of Determination of Notice of Exemption filings with the Clerk of the Board, typically \$50 per proposal.

Security Services – Account 2444: \$468

Costs for maintaining the security alarm system and monitoring are \$117 paid quarterly.

Other Professional Services – Account 2445: \$43,561

This account is for professional services to process proposals and items on the hearing agendas. For the past two years this account has included the cost for consultant services provided by Bob Aldrich and Associates for assistance in application processing, service review preparation, and the recruitment process for the new Executive Officer. As outlined in the staff report for this item, due the funding constraints resulting from the unanticipated costs during Fiscal Year 2017-18, no consultant contracts are included in the Fiscal Year 2018-19 budget. The costs included are:

- Commissioner stipend payments for attendance at Commission hearings and Southern Region LAFCO meetings (\$23,600)

- County Auditor to process the apportionments for the Cities, Independent Special Districts and the County (\$5,569)
- Governance training for the special districts within the County. Staff has developed an education program for the coming year with the California Special Districts Association (CSDA), the Institute for Local Government (ILG) and CALAFCO and is proposing to provide three seminars during the fiscal year. CSDA and ILG have indicated that it would charge \$2,500 to conduct the training and LAFCO would be responsible for travel and associated costs for CALAFCO for an estimated charge of \$7,500
- County Surveyor and Registrar of Voters (\$4,405)
- County Auditor to file LAFCO's quarterly taxes (\$3,940)
- Video recording of Commission hearings (\$3,500)

Outside Legal – Account 2449: \$0

This account is for legal services conducted through special contract for either litigation or when a conflict of interest waiver is not granted. For proposals not initiated by the Commission, the applicant agrees to indemnify the Commission against legal costs.

Application Development Support – Account 2450: \$200

LAFCO contracts with the County Information Services Department for technology related services. LAFCO staff maintains the website but, at times, requires additional support. This account is for specialized support for the LAFCO website to include maintenance of the site, its mapping page, and Fiscal Indicators page.

GIMS Charges – Account 2460: \$16,170

LAFCO contracts with the County Information Services Department for technology related services. This account is for generation and maintenance of digitized maps. Costs for this account include paper maps generated (\$270), Aerial Imagery subscription (\$3,000), Street Network Subscription (\$10,500), and LAFCO's proportional use of the County's ESRI ArcMap license (\$2,400).

LEASE/PURCHASES

Rent/Lease Copier – Account 2895: \$4,800

This account accommodates the contract for the copier lease at an estimated \$400 per month, based upon activity.

Office/Hearing Chamber Rental – Account 2905: \$99,212

The monthly lease payment for the staff office at the Santa Fe Depot will be \$5,191, a total expense of \$62,292, which includes lease and common area maintenance costs. In addition, \$2,806 is the estimated cost for amortizing the renovations of the staff office for 60 monthly payments. This account accommodates that expense for use of the Norton Regional Event Center as the permanent location for Commission hearings. It is estimated that this will be \$5,004 per year, \$417 per month.

TRAVEL RELATED EXPENSES

Private Mileage – Account 2940: \$6,010

This account is currently dedicated for Commissioners and staff private auto mileage at the IRS rate, excluding the Executive Officer.

Conference/Training – Account 2941: \$5,330

This account is for attendance charges related to conferences and training courses for staff as directed by the Executive Officer. The costs include CALAFCO or Southern Region LAFCOs training, clerk and analyst training, attendance at the CALAFCO annual conference by Commissioners and staff (currently estimated at seven Commissioners and two staff), and staff participation at the CALAFCO Staff workshop (estimated at three staff). For Fiscal Year 2018-19, the annual conference will be held in Yosemite and the location of the staff workshop is not known at this time.

Hotel – Account 2942: \$7,920

This account is for hotel charges for Commissioners and staff at the CALAFCO annual conference, Southern Region LAFCOs meeting attendance, staff participation at the staff workshop, CALAFCO Legislative Committee participation, and any other overnight stays on LAFCO business.

Meals – Account 2943: \$1,735

This account is for Commissioner and staff meal charges related to the CALAFCO annual conference, CALAFCO Board hearings, Southern Region LAFCOs meeting attendance, staff workshop, CALAFCO Legislative Committee participation, and other travels.

Car Travel – Account 2944: \$200

This account is for car rental by Commissioners or staff.

Air Travel – Account 2945: \$800

This account is for air travel for Commissioners and staff. The costs identified are for the Executive Officer's travel due to membership on the CALAFCO Legislative Committee and attendance at training sessions.

Other Travel – Account 2946: \$400

This account is for miscellaneous travel charges such as parking and taxi charges. The estimated cost for taxi services for the CALAFCO annual conference, staff workshop, and other travels.

OTHER CHARGES

Staples – Account 5012: \$1,200

LAFCO utilizes the County's contract with Staples for general office supplies and these expenses are budgeted in Account 5012 (Staples).

CONTINGENCIES AND RESERVES

Contingency (General) – Account 6000: \$20,442

By Commission practice, the contingency account is set at 10% of total expenditures (which would be \$140,244). However, due to the financial constraints being experienced by the Commission, the amount is proposed to be set at \$20,442. Due to the diminished nature of this contingency account staff and the Commission will need to take great care in monitoring activities in the upcoming year. Although the funds in this account are not anticipated for use, funds could be used for unexpected activity. Any transaction affecting the contingency funds requires Commission action to transfer the funds to the appropriate line item for expenditure.

Reserves – Net Pension Liability – Account 6010: \$184,963

In October 2014, the Commission adopted its policy which created the Net Pension Liability Reserve to set aside funds to address its unfunded pension liabilities. It was the Commission's direction that Reserves plus Contingency would cover pension liability should the legislature decide to dissolve LAFCOs throughout the State.

The Net Pension Liability is calculated each year by SBCERA, and the most recent estimate (as of June 30, 2017) of the LAFCO share of the retirement pool's unfunded liability is \$769,173. The amortization of this liability is annually evaluated by LAFCO as part of the budget. This budget includes the contribution of \$36,513 for the fourth year of the 20-year amortization and revision of the schedule to accommodate the increase.

Reserves – General – Litigation – Account 6025: \$85,608

As a part of this budget review the staff is recommending that the Commission override its policy requirement to designate a reserve for general purposes to include litigation. Commission policy at a minimum of \$200,000. Due to non-recoverable litigation costs experienced in Fiscal Year 2017-18 coupled with the drop in proposal activity, there are insufficient revenues available to comply with the policy. In its forecasting for future years, staff has identified a path to return to the policy obligation. As a part of staff's recommendation, the Commission will be asked to take an action to override its policy due to the funding constraints being experienced.

Reserves – Compensated Absences – Account 6030: \$97,377

The Commission has an established policy of setting aside reserves for the compensated absences payable as of the first pay period in April. The amount identified above represents six full-time staff positions, including the new Executive Officer.

REVENUES

FY 2017-18

To provide for the revenue projection at year-end for Fiscal Year 2017-18, the Accounts for Interest has exceeded budget projection by approximately \$4,000 and 100% the Apportionment has been received.

The chart below shows the budgeted and the estimated year-end balances for the accounts that comprise the Fee categories, accounts that are sensitive to activity levels. The year-end estimated amount includes the withdrawal of proposals for the sphere amendment and reorganization involving the San Bernardino Valley Municipal Water District and the Inland Empire Utilities Agency (refund of \$10,064) and the failure to receive the fire proposals anticipated. By year's end, staff estimates fee revenue receipts 60% below the amended budget amounts. The chart below outlines the Revenue Categories:

FEE/DEPOSIT CATEGORY	AMENDED BUDGET	ESTIMATED YEAR-END
Individual Notice Deposit	\$42,320	\$5,077
Legal Service Deposit	\$40,185	\$37,928
Protest Hearing Deposit	\$43,620	\$1,500
GIMS Fees	\$7,520	\$5,790
Environmental Deposit	\$6,000	\$2,531
LAFCO Fee	\$127,773	\$42,321
TOTAL FEE REVENUE	\$267,417	\$95,147

FY 2018-19

As noted in other portions of this narrative, FY 2018-19 is anticipated to continue the lower activity level experienced in FY 2017-18. Staff has identified 9 proposals that are anticipated to be received in FY 2018-19 or earlier.

Activity	FY 2018-19
Proposals	9
Service Contracts - Commission approval	2
Service Contracts - EO approval	4
Protest Hearing Deposits	6

Revenues consisting of interest, mandatory apportionment contributions (9.5% increase from prior year), and fee revenue are estimated to be \$1,258,597. Refunds from Prior Years, Miscellaneous Charges, and Carryover increase revenues to a total of \$1,289,596.

Including the reduced reserves and contingencies from the prior year adds \$501,235, for a grand total of \$1,790,830.

REVENUE FORECAST FOR FISCAL YEAR 2019-20 AND FISCAL YEAR 2020-21

The forecast included for years two and three of the budget assumes a maintenance of proposal activity and an increase in apportionment of net costs by 4.0% each year. The following chart conservatively maintains proposal activity at nine proposals each year for the following two years.

Activity	19-20	20-21
Proposals	9	9
Service Contracts – Commission Approval	2	2
Service Contracts – EO Approval	6	6
Protest Hearing Deposits	5	5

LINE ITEM REVENUES FOR FISCAL YEAR 2018-19

Interest – Account 8500: \$11,000

LAFCO participates in the County's interest pool and is apportioned interest receipts quarterly. Interest rates have been steadily increasing.

Mandatory Contribution from Governments (Local Government) – Account 8842: \$1,105,497

Government Code Section 56381 requires that the net costs for LAFCO be apportioned equally to those seated on the Commission: the County, the 24 Cities, and the 51 Independent Special Districts within the County of San Bernardino. The proposed apportionment to the County, Cities, and Independent Special Districts is \$368,499 each. The County Auditor will be required to apportion this amount on July 1, 2018 pursuant to the requirements of law and Commission policies.

Pursuant to Government Code Section 56381(a), the proposed and final budget at a minimum shall be equal to the budget adopted for the previous fiscal year unless the Commission makes certain determinations. The budget for Fiscal Year 2018-19 is less than that for Fiscal Year 2017-18 but does not include the renovation costs for the office move nor anticipates further non-recoverable litigation expenses. Therefore, the Commission can determine that the reduced program costs allow it to fulfill its statutory obligations with the reduced budget proposed. The apportionment amount identified will be sufficient to cover the costs for the upcoming fiscal year including the maintenance of the Commission required reserves.

CURRENT SERVICES/FEEES

Fees, charges, and deposits ordinarily involve the appropriate LAFCO filing fee and deposits for the recovery of the Commission's direct costs, for such items as LAFCO Legal Counsel, environmental review, Registrar of Voters costs, individual notification costs, etc.

For FY 2018-19 staff is proposing increases to the fees, charges, or deposit categories. Cost recovery for proposals and service contracts is not addressed in the budget due to its speculative nature. The figures for the categories below are based upon the activity identified above.

Individual Notice – Account 9545: \$6,700

This account is for landowner and registered voter notification requirements. This \$700 deposit is applied to proposals and development-related service contract less refunds. Should a proposal require individual notice due to the extension of a special tax, then the proponent will be required to submit a deposit for the direct costs to produce and mail the individual notices.

Legal Services – Account 9555: \$18,000

This account is for deposits for legal services which are calculated at \$2,000 for proposals and \$1,000 for service contracts requiring a hearing.

Protest Hearing – Account 9595: \$7,200

The account is for deposits related to the processing of the protest hearing which are calculated at \$1,500 each. Should a proposal require individual notice due to the extension of a special tax, then the proponent will be required to submit a deposit for the direct costs to produce and mail the individual notices.

GIMS Fees – Account 9655: \$6,370

This account is for receipt of revenue to recover the costs associated with the County's digital maps for sphere or boundary changes, maintenance and updates. The charge is based upon the acreage of each consideration area.

Environmental Deposits – Account 9660: \$7,000

Deposits for environmental review processing are calculated at \$1,000 for proposals and \$750 for service contracts requiring a hearing.

Other (LAFCO Fees) – Account 9800: \$96,830

Revenues in this account are based on anticipated activity and conservatively calculated at the median annexation filing fee for the activity identified above.

OTHER REVENUES

Refunds from Prior Year – Account 9910: \$13,999

This account refunds deposits submitted by applicants less costs incurred for activity which carry over from one year to another and includes prior year payment of indemnification of legal costs.

Miscellaneous Revenues – Account 9930: \$2,000

This account is for revenues received for duplication of CDs, DVDs, paper copies, and other miscellaneous receipts.

Carryover from Prior Year – Account 9970: \$0

At this time, it is anticipated that there will be no undesignated carryover of funds from the prior year.

RESERVES FROM PRIOR YEAR, as of July 1, 2018 (estimated)

At the time of the preparation of this narrative report, all of the Commission's reserves, as amended by action taken at the April 18, 2018 hearing, are anticipated to carryover from FY 2017-18 to FY 2018-19 as follows:

• Contingencies	\$ 63,077
• Net Pension Liability Reserve	148,450
• General Reserve – Litigation	200,000
• Compensated Absences Reserve	89,708
• TOTAL	\$ 501,235

**Apportionment Schedules
for
FY 2018-19**

Attachment 2

**LAFCO Cost Allocation
County of San Bernardino Allocation
FY 2018-2019**

	Amount	Percentage of Total Cost
County of San Bernardino		
Total LAFCO Cost	\$ 1,105,497.00	100.00%
County of San Bernardino Allocation (1/3)*	\$ 368,499.00	33.33%
Total San Bernardino County Allocation	\$ 368,499.00	33.33%

Note:

* Per LAFCO Funding Election, County of San Bernardino pays third of total LAFCO cost.

* Total LAFCO Apportionment for FY 2018-19 is \$1,105,496 (by letter dated March 20, 2018)

**LAFCO Cost Allocation
Cities Allocation
FY 2018-2019**

City	Total Revenues FY 15-16	LAFCO Allocation	Allocation Percentage
Adelanto	\$ 14,565,863.00	\$ 2,240.90	0.61%
Apple Valley	\$ 70,259,057.00	\$ 10,809.07	2.93%
Barstow	\$ 38,503,314.00 *	\$ 5,923.58	1.61%
Big Bear Lake	\$ 42,909,731.00 *	\$ 6,601.49	1.79%
Chino	\$ 131,991,886.00	\$ 20,306.42	5.51%
Chino Hills	\$ 131,923,792.00	\$ 20,295.94	5.51%
Colton	\$ 126,378,698.00	\$ 19,442.85	5.28%
Fontana	\$ 216,281,316.00 *	\$ 33,274.00	9.03%
Grand Terrace	\$ 6,316,728.00	\$ 971.80	0.26%
Hesperia	\$ 69,728,750.00 *	\$ 10,727.48	2.91%
Highland	\$ 38,971,381.00	\$ 5,995.59	1.63%
Loma Linda	\$ 52,942,019.00	\$ 8,144.92	2.21%
Montclair	\$ 44,502,648.00	\$ 6,846.56	1.86%
Needles	\$ 5,491,173.00	\$ 844.79	0.23%
Ontario	\$ 388,148,393.00	\$ 59,715.06	16.20%
Rancho Cucamonga	\$ 191,656,342.00 *	\$ 29,485.55	8.00%
Redlands	\$ 121,981,399.00	\$ 18,766.35	5.09%
Rialto	\$ 128,194,519.00	\$ 19,722.21	5.35%
San Bernardino	\$ 263,008,953.00	\$ 40,462.86	10.98%
Twentynine Palms	\$ 10,340,762.00	\$ 1,590.88	0.43%
Upland	\$ 94,421,861.00	\$ 14,526.42	3.94%
Victorville	\$ 159,043,914.00 *	\$ 24,468.26	6.64%
Yucaipa	\$ 33,210,276.00	\$ 5,109.26	1.39%
Yucca Valley	\$ 14,474,085.00	\$ 2,226.78	0.60%
\$ 2,395,246,860.00		\$ 368,499.00	100.00%

Allocation is based on Cities revenues extracted from Fiscal Year 2015-16 tables published on the State Controller's website (www.sco.ca.gov). Fiscal Year 2016-17 was not available as of March 29, 2018.

* Cities with subsidiary districts. Subsidiary districts are excluded from the special district distribution and revenue added to the City:

- Barstow Fire Protection District (City of Barstow)
- Big Bear Lake Fire Protection District (City of Big Bear Lake)
- Fontana Fire Protection District (City of Fontana)
- Hesperia County Water District (City of Hesperia)
- Hesperia Fire Protection District (City of Hesperia)
- Rancho Cucamonga Fire Protection District (City of Rancho Cucamonga)
- Victorville Water District (City of Victorville)

**LAFCO Cost Allocation
Special Districts Allocation
FY 2018-2019**

District Name	Total Revenues* FY 15-16	LAFCO Cost Allocation	Allocation Percentage
Apple Valley Fire Protection	\$ 8,679,106.00	\$ 10,000.00	2.71%
Apple Valley Foothill County Water	\$ 142,552.00	\$ 388.67	0.11%
Apple Valley Heights County Water	\$ 283,492.00	\$ 772.95	0.21%
Arrowbear Park County Water	\$ 1,168,934.00	\$ 3,187.14	0.86%
Baker Community Services	\$ 708,621.00	\$ 1,932.08	0.52%
Barstow Cemetery	\$ 386,138.00	\$ 1,052.82	0.29%
Barstow Heights Community Services	\$ 63,456.00	\$ 173.01	0.05%
Bear Valley Community Healthcare	\$ 1,681,522.00	\$ 1,500.00	0.41%
Big Bear Airport	\$ 1,985,160.00	\$ 5,000.00	1.36%
Big Bear City Community Services	\$ 15,131,454.00	\$ 10,000.00	2.71%
Big Bear Municipal Water	\$ 4,961,878.00	\$ 5,000.00	1.36%
Big River Community Services	\$ 102,876.00	\$ 280.49	0.08%
Bighorn-Desert View Water Agency	\$ 1,917,377.00	\$ 5,000.00	1.36%
Chino Basin Water Conservation	\$ 1,712,710.00	\$ 4,669.76	1.27%
Chino Valley Independent Fire	\$ 34,580,232.00	\$ 20,000.00	5.43%
Crestline Lake Arrowhead Water Agency	\$ 5,659,676.00	\$ 10,000.00	2.71%
Crestline Sanitation District	\$ 3,911,804.00	\$ 5,000.00	1.36%
Crestline Village Water	\$ 2,555,962.00	\$ 5,000.00	1.36%
Cucamonga Valley Water District	\$ 84,602,854.00	\$ 30,000.00	8.14%
Daggett Community Services	\$ 271,113.00	\$ 739.20	0.20%
East Valley Water	\$ 34,638,479.00	\$ 20,000.00	5.43%
Helendale Community Services District	\$ 4,957,664.00	\$ 5,000.00	1.36%
Hesperia Recreation and Park	\$ 4,829,943.00	\$ 5,000.00	1.36%
Hi-Desert Memorial Healthcare District	\$ 12,801,628.00	\$ 1,500.00	0.41%
Hi-Desert Water District	\$ 10,645,239.00	\$ 10,000.00	2.71%
Inland Empire Resource Conservation	\$ 3,372,474.00	\$ 5,000.00	1.36%
Inland Empire Utilities Agency	\$ 167,681,722.00	\$ 30,000.00	8.14%
Joshua Basin Water	\$ 5,384,774.00	\$ 10,000.00	2.71%
Juniper-Riviera County Water	\$ 291,556.00	\$ 794.94	0.22%
Lake Arrowhead Community Services	\$ 16,759,072.00	\$ 10,000.00	2.71%
Mariana Ranchos County Water	\$ 495,986.00	\$ 1,352.32	0.37%
Mojave Desert Resource Conservation	\$ 85,539.00	\$ 233.22	0.06%
Mojave Water Agency	\$ 38,013,945.00	\$ 20,000.00	5.43%
Monte Vista Water	\$ 16,639,927.00	\$ 10,000.00	2.71%
Morongo Valley Community Services	\$ 917,635.00	\$ 2,501.96	0.68%
Newberry Community Services	\$ 227,470.00	\$ 620.20	0.17%
Phelan Pinon Hills Community Services District	\$ 6,375,823.00	\$ 10,000.00	2.71%
Rim of the World Recreation and Park	\$ 1,144,548.00	\$ 3,120.65	0.85%
Running Springs Water	\$ 6,372,027.00	\$ 10,000.00	2.71%
San Bernardino Mountains Community Hospital	\$ (356,852.00)	\$ 1,500.00	0.41%
San Bernardino Valley Municipal Water	\$ 74,604,794.00	\$ 30,000.00	8.14%
San Bernardino Valley Water Conservation	\$ 2,121,596.00	\$ 5,000.00	1.36%
Thunderbird County Water	\$ 228,424.00	\$ 622.80	0.17%
Twentynine Palms Cemetery	\$ 237,769.00	\$ 648.28	0.18%
Twentynine Palms Water District	\$ 5,619,547.00	\$ 10,000.00	2.71%
West Valley Mosquito and Vector Control	\$ 2,911,430.00	\$ 5,000.00	1.36%
West Valley Water District	\$ 24,889,721.00	\$ 20,000.00	5.43%
Wrightwood Community Services District	\$ 140,161.00	\$ 382.15	0.10%
Yermo Community Services	\$ 124,583.00	\$ 339.68	0.09%
Yucaipa Valley Water	\$ 23,475,431.00	\$ 20,000.00	5.43%
Yucca Valley Airport	\$ 68,468.00	\$ 186.68	0.05%
Totals	\$ 636,207,440.00	\$ 368,499.00	100.00%

All data in this worksheet are extracted from Fiscal Year 2015-16 Special Districts revenues tables published on the State Controller's website. Fiscal Year 2016-17 was not available as of March 29, 2018.

Exception: Data used for Bear Valley Community Healthcare and San Bernardino Mountains Community Hospital is 'Net from Operations' from FY 2016-17, published by the Office of Statewide Health Planning and Development

- On March 28, 1995, Hi-Desert Memorial Hospital's name was changed to Hi-Desert Memorial Healthcare District.
- By the Resolution No. 2003 -10-8, Cucamonga County Water District name changed to Cucamonga Valley Water District.
- Effective July 15, 2015, Hi-Desert Memorial Healthcare District, DBA Morongo Basin Healthcare District, has no longer operates a hospital as it leased operations to Tenet Healthcare Corporation.
- Effective July 1, 2017, the Wrightwood Community Services District is subject to LAFCO apportionment after its formation from CSA 56, LAFCO Resolution No. 3235)

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: MAY 9, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
ROBERT ALDRICH, Consultant

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #13 - LAFCO 3217 – Sphere of Influence Amendment (Expansion) for the San Bernardino County Fire Protection District And Sphere of Influence Amendment (Reduction to Zero Sphere of Influence) Hesperia Fire Protection District

INITIATED BY:

Jointly initiated by the Board of Directors of the Hesperia Fire Protection District and the Board of Directors of the San Bernardino County Fire Protection District

RECOMMENDATION:

Staff recommends that the Commission make the following determinations:

1. Determine that the proposed sphere of influence amendments, submitted under the provisions of Government Code Section 56428, does not require a service review.
2. Certify that LAFCO 3217 is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five (5) days.
3. Approve the expansion of the sphere of influence for the San Bernardino County Fire Protection District to include the entirety of the Hesperia Fire Protection District and the reduction of the sphere of influence for the Hesperia Fire Protection District to a zero sphere of influence signaling the Commission's intent that a future action will dissolve the agency.

4. Adopt LAFCO Resolution No. 3265 reflecting the Commission's determinations and findings for the sphere of influence changes identified.

BACKGROUND:

The Hesperia Fire Protection District is a subsidiary district of the City of Hesperia. The five-member Hesperia City Council serves as the ex-officio board of directors of the District.

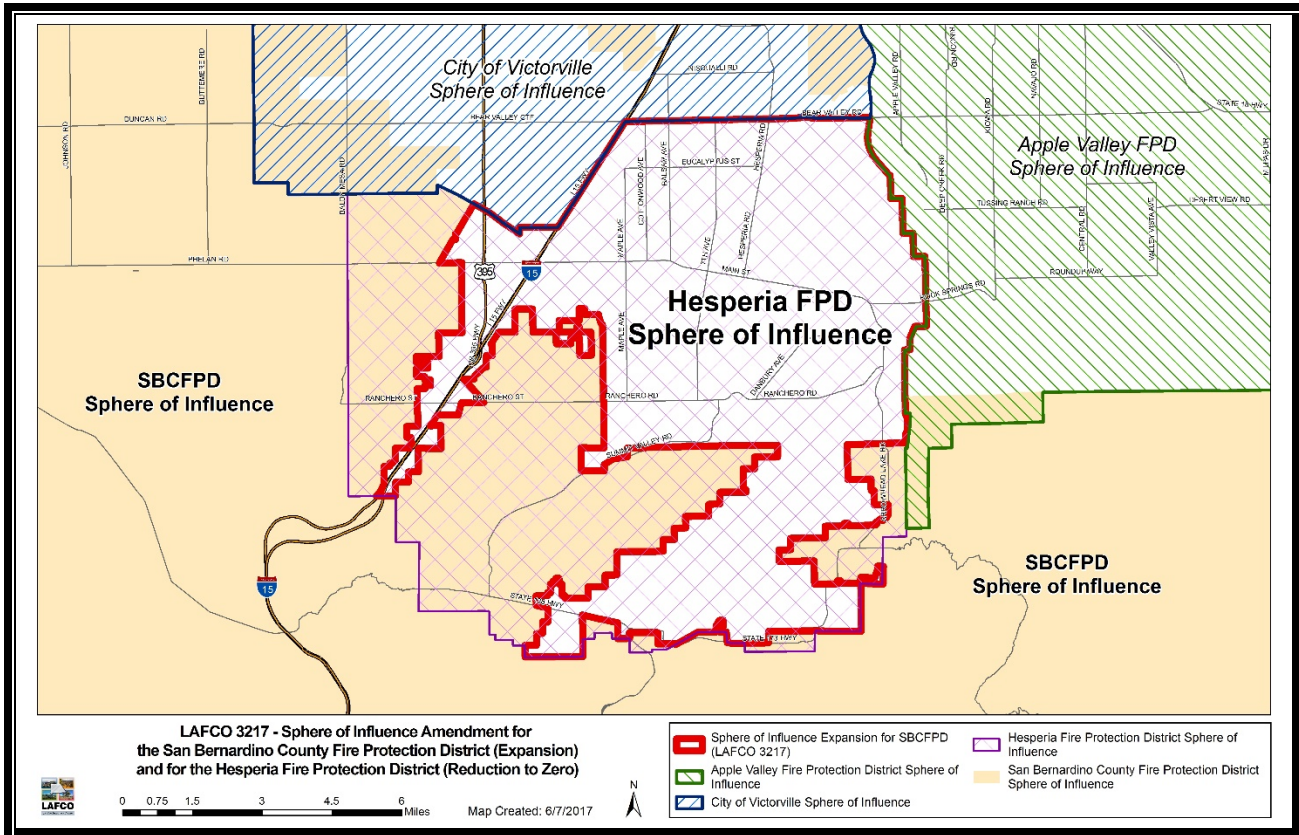
On November 1, 2016, the Board of Directors of the Hesperia Fire Protection District (hereafter "District" or "HFPD") adopted Resolution 2016-19 to initiate an application to: (1) expand the sphere of influence for the San Bernardino County Fire Protection District (hereafter "County Fire") to include the entirety of HFPD, and (2) annex HFPD to County Fire, its North Desert Service Zone, and divest fire/emergency medical response and ambulance functions from the HFPD. On April 18, 2017, County Fire adopted Resolution 2017-75 recognizing and supporting HFPD's resolution.

If approved, the annexation of HFPD would result in the complete assumption of fire suppression, rescue, prevention, emergency medical response and ambulance services by County Fire within the boundaries of the HFPD. HFPD will remain as the sole vehicle to fund continuing retirement obligations for its former employees. These actions were taken in recognition of HFPD's challenging financial position and its inability to pay for the ongoing costs of contracting with County Fire over the long-term.

At LAFCO's September 2015 hearing, the Commission determined that it will not require a municipal service review for the sphere of influence amendments proposed for County Fire. At that hearing, the Commission supported staff's position that sphere of influence "amendments" submitted under the provisions of Government Code Section 56428 do not require a service review.

Expansion of the sphere of influence will allow for the annexation of the entirety of the HFPD by County Fire and its North Desert Service Zone and the divestiture of functions from the HFPD for all its service obligations while retaining the entity for repayment of obligations for legacy retirement costs by separate action (LAFCO 3218). This item will be heard following consideration of the proposed sphere expansion and reduction. This set of proposals is intended to maintain adequate fire protection, emergency medical response and ambulance service within the HFPD given the ongoing revenue challenges that continue to face the District.

The vicinity map which follows identifies the Hesperia FPD, and its existing sphere of influence (currently a part of County Fire) representing the larger Hesperia community.



The data and analysis, below, address the factors of consideration required for a sphere of influence amendment as outlined in Government Code Section 56425. Each of these requires a determination adopted by the Commission.

SPHERE OF INFLUENCE DETERMINATIONS:

HPFD has submitted an application requesting that LAFCO amend the sphere of influence of County Fire to include the entirety of the District which encompasses approximately 48,000 acres (75 square miles) and is generally coterminous with the City of Hesperia. As a part of the initial processing of this proposal, LAFCO staff expanded the consideration to include a sphere of influence reduction for the HFPD recommending the designation of a “zero” sphere of influence. Such a sphere of influence designation by Commission policy is a signal that a change of organization to dissolve the entity should occur in the future.

The proposal, along with a concurrent application (LAFCO 3218) to annex the entirety of the HFPD by County Fire and its North Desert Service Zone, will allow for the residents of Hesperia to continue to receive adequate long-term fire and emergency medical/ambulance services. The HFPD’s immediate and long-term financial constraints preclude the District from continuing to provide this service at acceptable service levels. Therefore, LAFCO staff is recommending that the Commission:

1. Expand the sphere of influence of the San Bernardino County Fire Protection District to include the entirety of the Hesperia Fire Protection District; and,
2. Reduce the sphere of influence of the Hesperia Fire Protection to a zero designation

The following address the mandatory factors as outlined in Government Code Section 56425:

1. The present and planned land uses in the area including agricultural and open space lands:

The land area proposed to be included in the sphere of influence of County Fire includes the entirety of the HFPD. The HFPD's boundary is generally coterminous with the City of Hesperia's jurisdictional boundary. The subject land area, approximately 75 square miles in size, includes a full range of land uses including rural residential, residential, commercial, industrial, public facilities, agricultural and four specific plans (which provide for specialized zoning designations to accommodate distinct residential and commercial developments). According to the City, approximately 51% of the land area is currently residential, 7% is commercial, 6% is industrial, 3% is agricultural, 6% is classified as "other uses" (airport uses, railroad corridors, aqueducts, utility corridors, etc.), and 27% is vacant. As of January 1, 2017, the City's population is 94,133 according to the State Department of Finance/Demographic Research Unit.

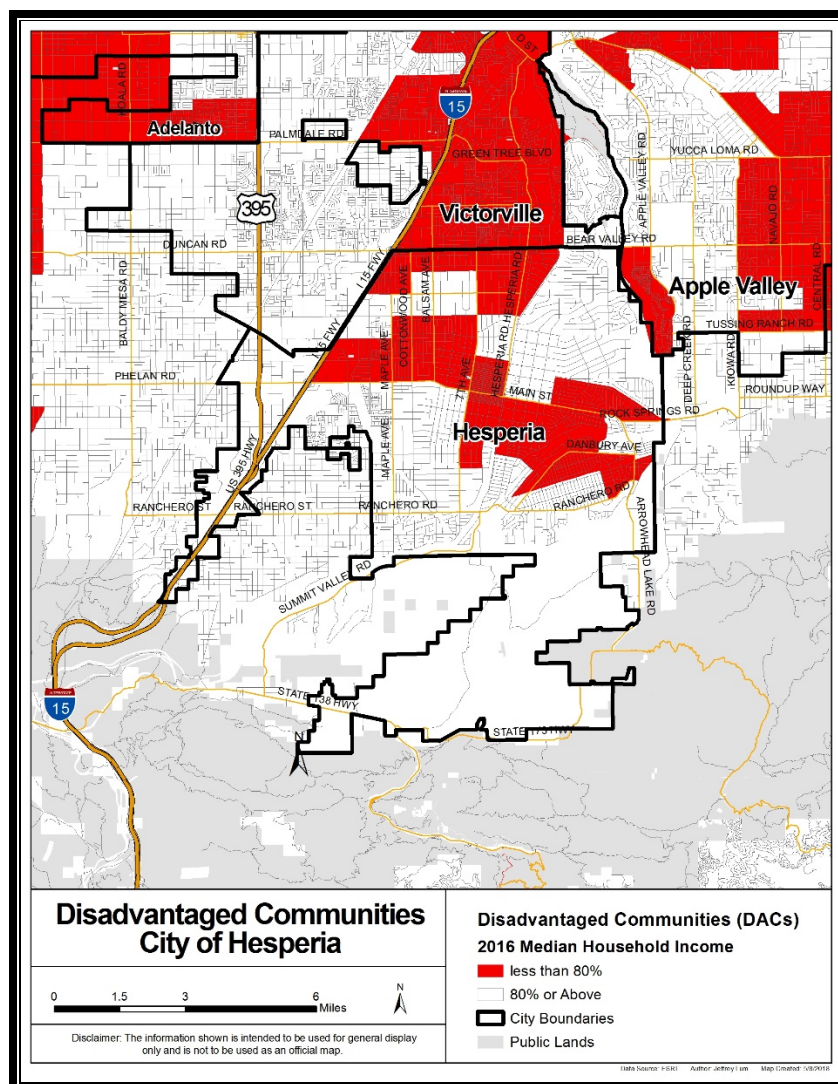
Population projections prepared by the City indicate that by 2040 Hesperia's population will reach 136,517. These population projections include development assumptions for the Tapestry Project – a master planned community in southern Hesperia.

2. The present and probable need for public facilities and services in the area:

As referenced earlier in this report, HFPD has experienced ongoing revenue challenges primarily due to falling property values which have resulted in the decline of property tax-related revenues. Despite efforts to reduce expenditures whenever possible and reorganizing positions to minimize increases in the annual contract for fire protection services with the County, District reserves were ultimately depleted, nine County Fire positions were eliminated, and Fire Station 301 was closed in January 2012. Ongoing fiscal pressures continue to threaten the ability of HPFD to provide adequate levels of fire suppression and emergency services response to Hesperia residents.

HFPD and County Fire have submitted a Plan of Service and Fiscal Impact Analysis for the proposed sphere of influence amendment/annexation proposal. According to the District's Plan of Service, annexation to County Fire will allow the operations of the HFPD to fully integrate into County Fire and take advantage of the economies of scale available within the broader fire organization. Hesperia FPD will remain the vehicle to fund continuing retirement obligations for its former employees.

In addition, Government Code Section 56425(e)(5) directs the Commission to evaluate the present and probable need for the delivery of structural fire protection within a disadvantaged unincorporated community. LAFCO 3217 addresses the Hesperia Fire Protection District, which represents an incorporated city area not required for evaluation by the code section but the questions for assurance of service delivery to a disadvantaged community should also be addressed in this situation. The 2016 Disadvantaged Community Maps maintained by LAFCO identify that portions of the central and northern core of the District are disadvantaged and the Commission has an inherent responsibility to assure the continuation of this critical public health and safety service. The map which follows outlines the disadvantaged areas meeting the criteria of State law as earning less than \$50,043 for 2016 (less than 80% of Statewide median income):



3. The present capacity of public facilities and adequacy of public services that the agency to be expanded provides or is authorized to provide:

County Fire operates 75 fire stations serving approximately 1,000,000 residents in approximately 19,130 square miles of unincorporated territory plus ten incorporated cities including Adelanto, Fontana, Grand Terrace, Hesperia, Needles, San Bernardino, Twentynine Palms, Upland, Victorville, and Yucca Valley. County Fire provides a full range of emergency services, including ladder trucks, fire boats for water rescues, snow cats for winter operations, heavy equipment for flooding and earth moving, ambulance transportation in seven ambulance operating areas, paramedics and large incident command and control capability. County Fire is the largest provider of pre-hospital care in the County and the second largest ambulance provider.

The package of applications submitted by HFPD and County Fire is intended to ensure adequate, long-term fire protection, emergency response and ambulance services for the residents of Hesperia. The District can no longer afford to continue funding these services at appropriate levels.

4. The existence of any social or economic communities of interest as determined by the Commission to be relevant to the agency:

The County Fire District currently provides fire protection and emergency services to 1,000,000 residents. In addition to 19,130 square miles of unincorporated territory, the District serves ten incorporated cities - Adelanto, Fontana, Grand Terrace, Hesperia, Needles, San Bernardino, Twentynine Palms, Upland, Victorville, and Yucca Valley. The implementation of a fiscally sustainable agency to provide adequate levels of fire protection, emergency response and ambulance service to the City of Hesperia residents over the long-term is critical for the safety and well-being of City residents.

Services of the Agency:

Government Code Section 56425(i) requires that during a sphere of influence amendment or update for a Special District, the Commission is required to review and identify the range of services to be provided, as well as the nature and location of those services. At present, the Commission's Policy and Procedure Manual "Chapter 3 Listing of Special Districts within San Bernardino LAFCO -- Authorized Functions and Services" identifies the following services for the Hesperia Fire Protection District:

Fire protection	Structural, watershed, suppression, prevention, ambulance, paramedic
-----------------	--

Following approval of LAFCO 3218 including divestiture, the authorized functions and services of the Hesperia Fire Protection District will be limited to:

Fire Obligations for Administration of CalPERS Legacy
Retirement Contract

That listing also identifies the following function and services for the San Bernardino County Fire Protection District:

Fire Structural, watershed, prevention, inspection, suppression,
Weed abatement, hazardous materials services, rescue, first
aid, paramedic, ambulance transportation, emergency
response, and disaster preparedness planning

The nature and location of the provision of these services to the territory of the Hesperia Fire Protection District will be reviewed and considered in-depth within the companion proposal, LAFCO 3218.

ADDITIONAL DETERMINATIONS:

1. The Commission is the lead agency for review of the potential environmental consequences of the sphere of influence modifications. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials for review. Mr. Dodson has indicated the proposed sphere amendment is not judged to pose any adverse changes to the physical environment. Therefore, his recommendation is that the sphere amendment is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b).
2. Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page advertisement in the *Victorville Daily Press*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.
3. The map and legal description for these sphere of influence amendments was prepared and certified by the County Surveyor's Office.

CONCLUSION:

LAFCO 3217 is the first step in a two-part process to provide for long-term, financially sustainable fire protection, emergency response, and ambulance services to Hesperia residents. HFPD's financial constraints clearly call for fundamental and substantial change to its service model. A key component of that plan is the transfer of responsibility for fire and emergency medical response services from HFPD to County Fire.

Under the typical reorganization scenario, the HFPD would be proposed for dissolution as a simplification of governmental agencies. However, in this case due to the ongoing

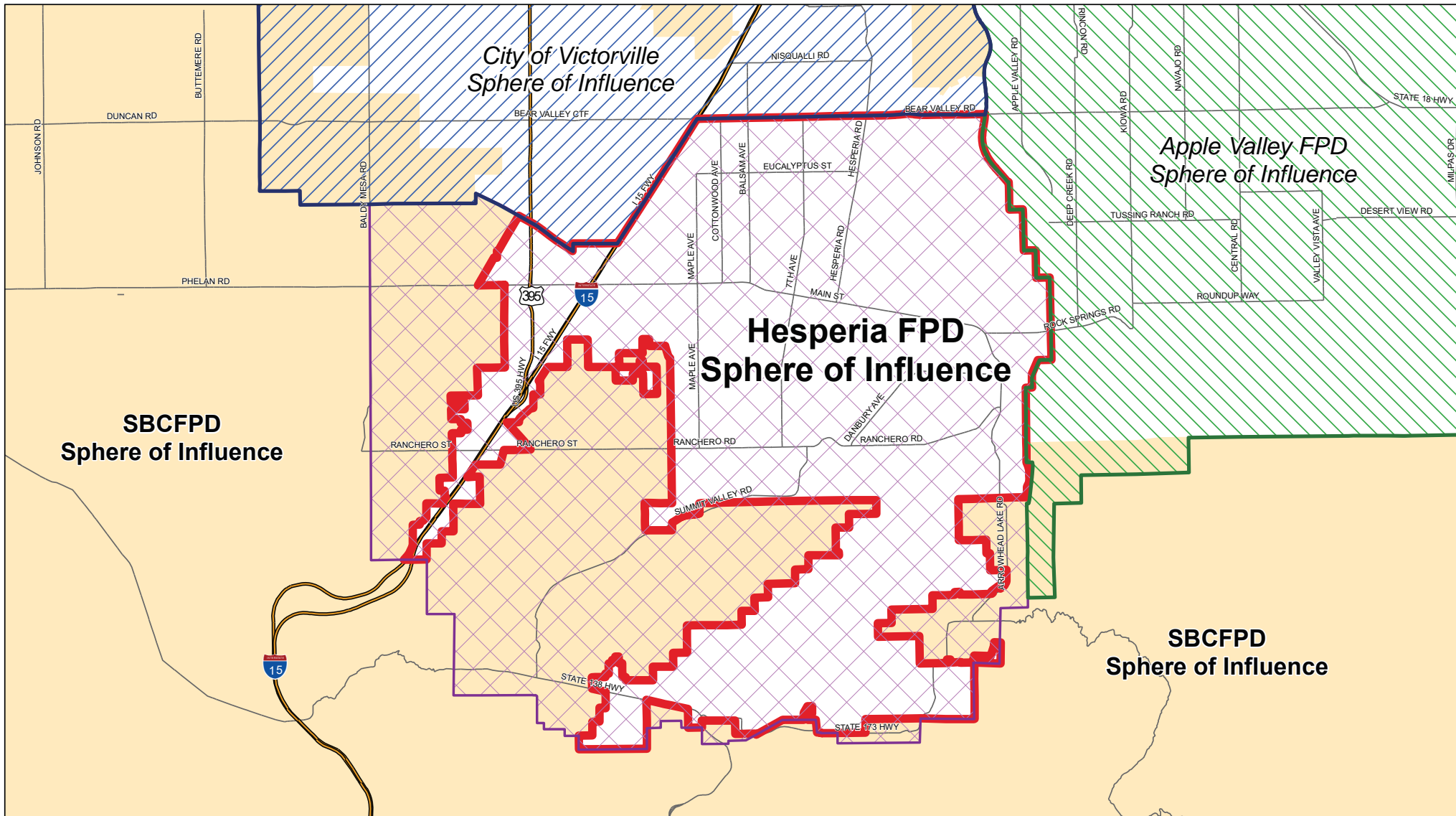
requirement for retention of the CalPERS contract with HFPD, it must remain. Therefore, the staff has proposed the reduction of the HFPD sphere to a zero designation signaling the need for a future action to the dissolve the agency once this obligation is resolved. For all the reasons outlined in this report, LAFCO staff supports the change in sphere of influence designation to expand the sphere for County Fire and its related service zone and the reduction of the HFPD sphere to zero.

Attachments:

1. [Vicinity Map and Map of Proposed Sphere Expansion](#)
2. [Hesperia Fire Protection District Application for Sphere of Influence Expansion](#)
3. [Letter from Commission Environmental Consultant Tom Dodson of Tom Dodson an Associates dated May 7, 2018](#)
4. [Draft LAFCO Resolution No. 3265](#)

Vicinity Map and Map of Proposed Sphere Expansion

Attachment 1



**LAFCO 3217 - Sphere of Influence Amendment for
the San Bernardino County Fire Protection District (Expansion)
and for the Hesperia Fire Protection District (Reduction to Zero)**

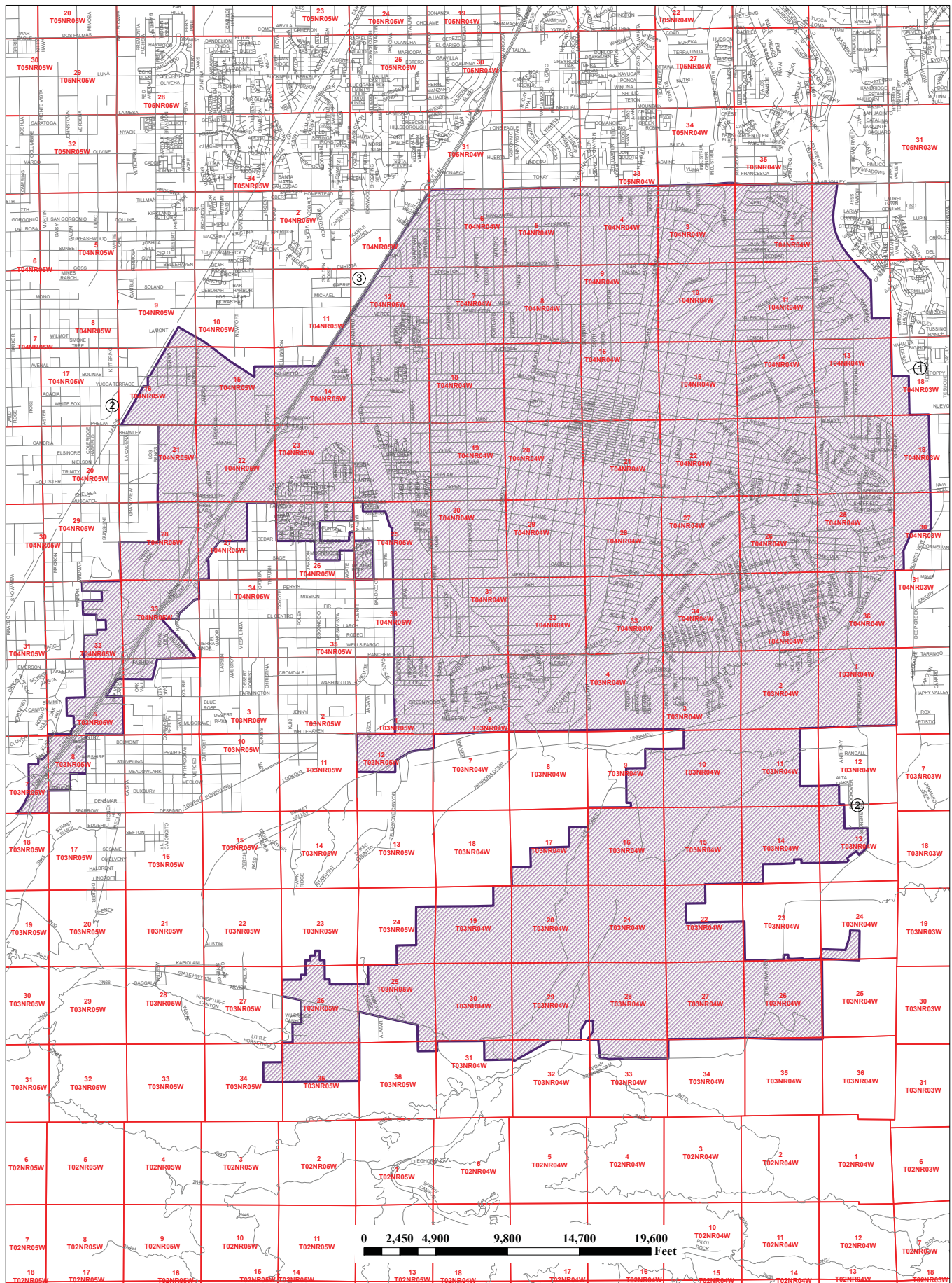


0 0.75 1.5 3 4.5 6 Miles

Map Created: 6/7/2017

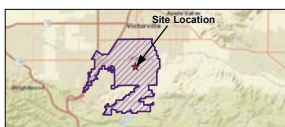


- | | |
|---|--|
| Sphere of Influence Expansion for SBCFPD (LAFCO 3217) | Hesperia Fire Protection District Sphere of Influence |
| Apple Valley Fire Protection District Sphere of Influence | San Bernardino County Fire Protection District Sphere of Influence |
| City of Victorville Sphere of Influence | |



LAFCO 3217 Sphere of Influence Amendment for San Bernardino County Fire Protection District (Expansion) and Hesperia Fire Protection District (Reduction to zero Sphere of Influence)

Those Portions of Township 3 North, Ranges 4 and 5 West; Township 4 North, Ranges 3, 4, and 5 West S.B.M. San Bernardino County, State of California.



- Sphere Expansion Area
Containing 46,889
Acres, More or Less
- Section Lines

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION



James I. Stone
Deputy County Surveyor
PLS 9075
Exp. 3/31/2018
Job Number 00140670 - Revised April 10, 2018

04/10/2018

Date

**Hesperia Fire Protection
District Application for
Sphere of Influence
Expansion**

Attachment 2

SAN BERNARDINO LAFCO APPLICATION AND PRELIMINARY ENVIRONMENTAL DESCRIPTION FORM

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the application to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your proposal. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: A reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone and the Divestiture of the fire/emergency medical response and ambulance functions from the Hesperia Fire Protection District.

2. NAME OF APPLICANT: Hesperia Fire Protection District
 APPLICANT TYPE: ☐ Landowner ☒ Local Agency
 ☐ Registered Voter ☐ Other _____
 MAILING ADDRESS:
9700 Seventh Avenue
Hesperia, CA 92345
 PHONE: (760) 947-1000
 FAX: (760) 947-2881
 E-MAIL ADDRESS: bjohnson@cityofhesperia.us

3. GENERAL LOCATION OF PROPOSAL: The Hesperia Fire Protection District boundaries are generally coterminous with the City of Hesperia.

4. Does the application possess 100% written consent of each landowner in the subject territory?
 YES ☒ NO ☐ If YES, provide written authorization for change.

5. Indicate the reason(s) that the proposed action has been requested. To fully integrate the operations of the HFPD into the SBCO's structure and to take advantage of the economics of scale available within the county-wide organization.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres):
Approximately 48,000 acres (75 Sq. mi.)
2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments)
3. Approximate current population within area:
93,000
4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
Various land use designations under the City of Hesperia 2010 General Plan update.
- San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
N/A - Will not change as a result of this reorganization.
5. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory:
None - Land uses are not to change as a result of this reorganization.
6. Indicate the existing use of the subject territory.
- What is the proposed land use?
N/A - No changes proposed
7. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ☐ NO ☒ If YES, please explain.

8. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Agricultural Land Uses | <input checked="" type="checkbox"/> Agricultural Preserve Designation |
| <input checked="" type="checkbox"/> Williamson Act Contract | <input checked="" type="checkbox"/> Area where Special Permits are Required |
| <input checked="" type="checkbox"/> Any other unusual features of the area or permits required: <u>Substantial undeveloped land in Summit Valley. Planned developments or Specific Plan required.</u> | |

9. Provide a narrative response to the following factor of consideration as identified in §56668(p):
The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:

The proposed action will not affect the provision or location of at risk emergency service response. The proposed action will align the resources in the current HFPD into the SBCFPD allowing for more consistent and efficient distribution of services.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. Most of the territory slopes down 2% to the North East, but is traversed by several large drainage courses. The Mojave River flows through Summit Valley and alongside the territories Eastern boundary.
2. Describe any existing improvements on the subject territory as % of total area.
- | | | | | | |
|-------------|-------------|---|--------------|------------|---|
| Residential | <u>50.7</u> | % | Agricultural | <u>2.8</u> | % |
| Commercial | <u>6.5</u> | % | Vacant | <u>4.0</u> | % |
| Industrial | <u>5.8</u> | % | Other | <u>5.6</u> | % |
3. Describe the surrounding land uses:
- | | |
|-------|---|
| NORTH | <u>City of Victorville</u> |
| EAST | <u>Town of Apple Valley / Sphere of influence</u> |
| SOUTH | <u>Summit Valley sphere of influence / U.S. Forest Service Land</u> |
| WEST | <u>Oak Hills sphere of influence / Phelan</u> |
4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).
- None, except for transfer and improvement of fire stations and equipment as outlined in the Plan for Service.

5. Will service extensions accomplished by this proposal induce growth on this site? YES ☐
NO ☒ Adjacent sites? YES ☐ NO ☒ Unincorporated ☐ Incorporated ☐

Land uses are not proposed to change under this reorganization.

6. Are there any existing out-of-agency service contracts/agreements within the area? YES ☐
NO ☒ If YES, please identify.

7. Is this proposal a part of a larger project or series of projects? YES ☐ NO ☒ If YES, please explain.

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME Brian Johnson TELEPHONE NO. 760-947-1876

ADDRESS: 9700 Seventh Ave. Hesperia, CA 92345

NAME Dave Reno TELEPHONE NO. 760-947-1253

ADDRESS: 9700 Seventh Ave. Hesperia, CA 92345

NAME Don Trapp, Asst. Chief TELEPHONE NO. 909-387-5749

ADDRESS: 157 West Fifth St. 2nd Floor, San Bernardino, CA 92415-0451

CERTIFICATION

As a part of this application, the City/Town of _____, or the Hesperia Fire Protection District/Agency, _____ (the applicant) and/or the _____ (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees,

and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

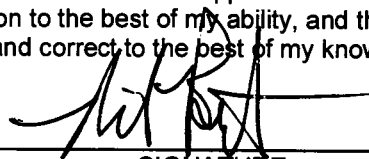
This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE

3-13-17



SIGNATURE

Nils Bentsen

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

City Manager, Hesperia Fire Protection District

Title and Affiliation (if applicable)

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ☒ ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- ☐ SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- ☐ CITY INCORPORATION SUPPLEMENT
- ☐ FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ☐ ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

SUPPLEMENT SPHERE OF INFLUENCE AMENDMENT

INTRODUCTION: The questions on this form are designed to obtain data about the specific sphere of influence amendment application to allow the Commission, staff and others to adequately assess the application. You may also include any additional information that you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please provide an identification of the agencies involved in the proposed sphere of influence change(s):

SPHERE EXPANSION

San Bernardino County Fire Protection District

157 West 5th St. 2nd Floor

San Bernardino, CA 92415-0451

SPHERE REDUCTION

Hesperia Fire Protection District

9700 7th Ave.

Hesperia, CA 92345

2. Provide a narrative description of the following factors of consideration as outlined in Government Code Section 56425. (If additional room for response is necessary, please attach additional sheets to this form.)

The present and planned land uses in the area, including agricultural and open-space lands.

Land uses permitted under the City's 2010 General Plan Update.

The present and probable need for public facilities and services in the area.

County Fire currently has stations in the sphere of influence. (#48 in Summit Valley and #305 in Oak Hills) Station #40 was merged with #305 when it opened in 2010.

The present capacity of public facilities and adequacy of public services that the agency to be expanded provides or is authorized to provide.

County Fire is presently serving the limited population in the District's sphere of influence. Should any large scale planned developments or specific plans be proposed, then the City and County will address the facilities and funding necessary to address the impacts of new development.

The existence of any social or economic communities of interest in the area.

While there is limited population in Summit Valley, Oak Hills is represented in the City's Oak Hills Community Plan (2002) and included in the City's Main Street and Freeway Corridor Specific Plan (2008) and the 2010 General Plan update. No revisions will be made as a result of this reorganization.

The present and probable need for public facilities or services related to sewers, municipal and industrial water, or structural fire protection for any disadvantaged unincorporated community, as defined by Govt. Code Section 56033.5, within the existing sphere of influence.

N/A - There are no disadvantaged communities in the sphere of influence.

3. If the sphere of influence amendment includes a city sphere of influence change, provide a written statement of whether or not agreement on the sphere change between the city and county was achieved as required by Government Code Section 56425. In addition, provide a written statement of the elements of agreement (such as, development standards, boundaries, zoning agreements, etc.) (See Government Code Section 56425)

N/A - As current and planned uses within the territory will not change upon reorganization. The Territory will continue to be served by County Fire from the existing facilities in the sphere and surrounding areas.

4. If the sphere of influence amendment includes a special district sphere of influence change, provide a written statement: (a) specifying the function or classes of service provided by the district(s) and (b) specifying the nature, location and extent of the functions or classes of service provided by the district(s). (See Government Code Section 56425(i))

Services to the sphere of influence will be provided as described in the plan for service included with this application.

5. For any sphere of influence amendment either initiated by an agency or individual, or updated as mandated by Government Code Section 56425, the following service review information is required to be addressed in a narrative discussion, and attached to this supplemental form (See Government Code Section 56430):

a. Growth and population projections for the affected area.

- b. Location and characteristics of disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- c. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies, including those associated with a disadvantaged unincorporated community.
- d. Financial ability of agencies to provide services.
- e. Status of, and opportunities for, shared facilities.
- f. Accountability for community service needs, including governmental structure and operational efficiencies.

If additional sheet are submitted or a separate document provided to fulfill Item #5, the narrative description shall be signed and certified by an official of the agency(s) involved with the sphere of influence review as to the accuracy of the information provided. If necessary, attach copies of documents supporting statements.

CERTIFICATION

As a part of this application, the City/Town of _____, or the Hesperia Fire Protection District/Agency, _____ (the applicant) and/or the _____ (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs, imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 3-13-17


SIGNATURE

Nils Bentsen

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

City Manager

Title and Affiliation (if applicable)

**Letter from Commission
Environmental Consultant
Tom Dodson of Tom Dodson
and Associates**

Attachment 3

TOM DODSON & ASSOCIATES

2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



May 7, 2018

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
1170 West Third Street, Unit 150
San Bernardino, CA 92415-0490

RECEIVED
MAY 08 2018

LAFCO
San Bernardino County

Dear Kathy:

LAFCO 3217 consists of a Sphere of Influence (SOI) Amendment for the San Bernardino County Fire Protection District (expansion) and Hesperia Fire Protection District (FPD, reduction to zero sphere of influence). The study area encompasses, in general, the entirety of the Hesperia FPD containing approximately 73 square miles. The study area is generally bordered by a combination of parcel lines, the I-15 Freeway, and Bear Valley Road (existing City of Victorville boundary) on the north; parcel lines along the Mojave River (combination of existing Apple Valley FPD and San Bernardino County FPD and its North Desert Service Zone boundaries) on the east; and a combination of parcel lines north of the National Forest boundary and parcel lines east and west of the I-15 Freeway (existing San Bernardino County FPD and its North Desert Service Zone boundary) on the south and west.

As we have learned from previous sphere reviews, the designation of a sphere, which focuses on a planning boundary, does not by itself cause any modifications to the physical environment. Only when the subsequent step is taken to physically revise the jurisdictional boundary or range of services of a service district does a potential for physical change in the environment occur. Even though in this case the Hesperia FPD and San Bernardino County FPD have an accompanying application, LAFCO 3218, for a Reorganization that includes Annexation, this accompanying action has also been determined to be Statutory Exempt because the Annexation (a separate action) does not pose any physical changes to the environment within the Annexation area. Thus, a finding that LAFCO 3217 is Statutorily Exempt appears to be the appropriate CEQA environmental determination for this action before the Commission.

Based on this information, it appears that LAFCO 3217 can be implemented without causing any physical changes to the environment or any adverse environmental impacts. Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) under the General Rule exemption applies to LAFCO 3217 under Section 15061(b)(3) of the State CEQA Guidelines, which states: *"A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."* It is my opinion and recommendation to the Commission, that this circumstance applies to LAFCO 3217. In this case, expansion of the San Bernardino County FPD Sphere does not alter the existing physical environmental setting.

Based on this review of LAFCO 3217 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 3217 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate

determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 3217 as Statutorily Exempt under the General Rule exemption from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the San Bernardino County Clerk of the Board for this action once the hearing is completed.

A copy of this exemption should be retained in LAFCO's project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Dodson". The signature is written in a cursive, slightly slanted style.

Tom Dodson

**Draft LAFCO
Resolution No. 3265**

Attachment 4

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: LAFCO 3217

HEARING DATE: May 16, 2018

RESOLUTION NO. 3265

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3217 AND APPROVING THE SPHERE OF INFLUENCE EXPANSION FOR THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND THE SPHERE OF INFLUENCE REDUCTION FOR THE HESPERIA FIRE PROTECTION DISTRICT TO A ZERO SPHERE (sphere amendments include the entirety of the Hesperia Fire Protection District which encompasses approximately 46,674 acres (72.9 square miles)).

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, an application for the proposed sphere of influence amendments (expansion/reduction) in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was called for May 16, 2018 at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written support and opposition; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing; and,

RESOLUTION NO. 3265

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that the sphere of influence amendments to expand the San Bernardino County Fire Protection District and reduce the Hesperia Fire Protection District are statutorily exempt from CEQA and such exemption was adopted by this Commission on May 16, 2018. The Commission directed its Executive Officer to file a Notice of Exemption within five working days with the San Bernardino County Clerk of the Board of Supervisors; and,

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for the San Bernardino County Fire Protection District (hereafter "County Fire") should be expanded to include the territory of the boundaries of the Hesperia Fire Protection District (hereafter "HFPD" or "District"), as more specifically described on the attached Exhibits "A" and "A-1" to this resolution and the sphere of influence for the Hesperia Fire Protection District should be reduced to a zero sphere of influence; and,

WHEREAS, the Commission determined on September 16, 2015 that a service review would not be required for any sphere of influence amendment for the transition of fire protection from a financially distressed agency to County Fire as allowed by Government Code Section 56430;

WHEREAS, the following determinations are made in conformance with Government Code Section 56425 and local Commission policy:

1. The present and planned land uses in the area including agricultural and open space lands:

The land area proposed to be included in the sphere of influence of County Fire includes the entirety of the HFPD. The HFPD's boundary is generally coterminous with the City of Hesperia's jurisdictional boundary. The subject land area, approximately 75 square miles in size, includes a full range of land uses including rural residential, residential, commercial, industrial, public facilities, agricultural and four specific plans (which provide for specialized zoning designations to accommodate distinct residential and commercial developments). According to the City, approximately 51% of the land area is currently residential, 7% is commercial, 6% is industrial, 3% is agricultural, 6% is classified as "other uses" (airport uses, railroad corridors, aqueducts, utility corridors, etc.), and 27% is vacant. As of January 1, 2017, the City's population is 94,133 according to the State Department of Finance/Demographic Research Unit.

Population projections prepared by the City indicate that by 2040 Hesperia's population will reach 136,517. These population projections include development assumptions for the Tapestry Project – a master planned community in southern Hesperia.

RESOLUTION NO. 3265

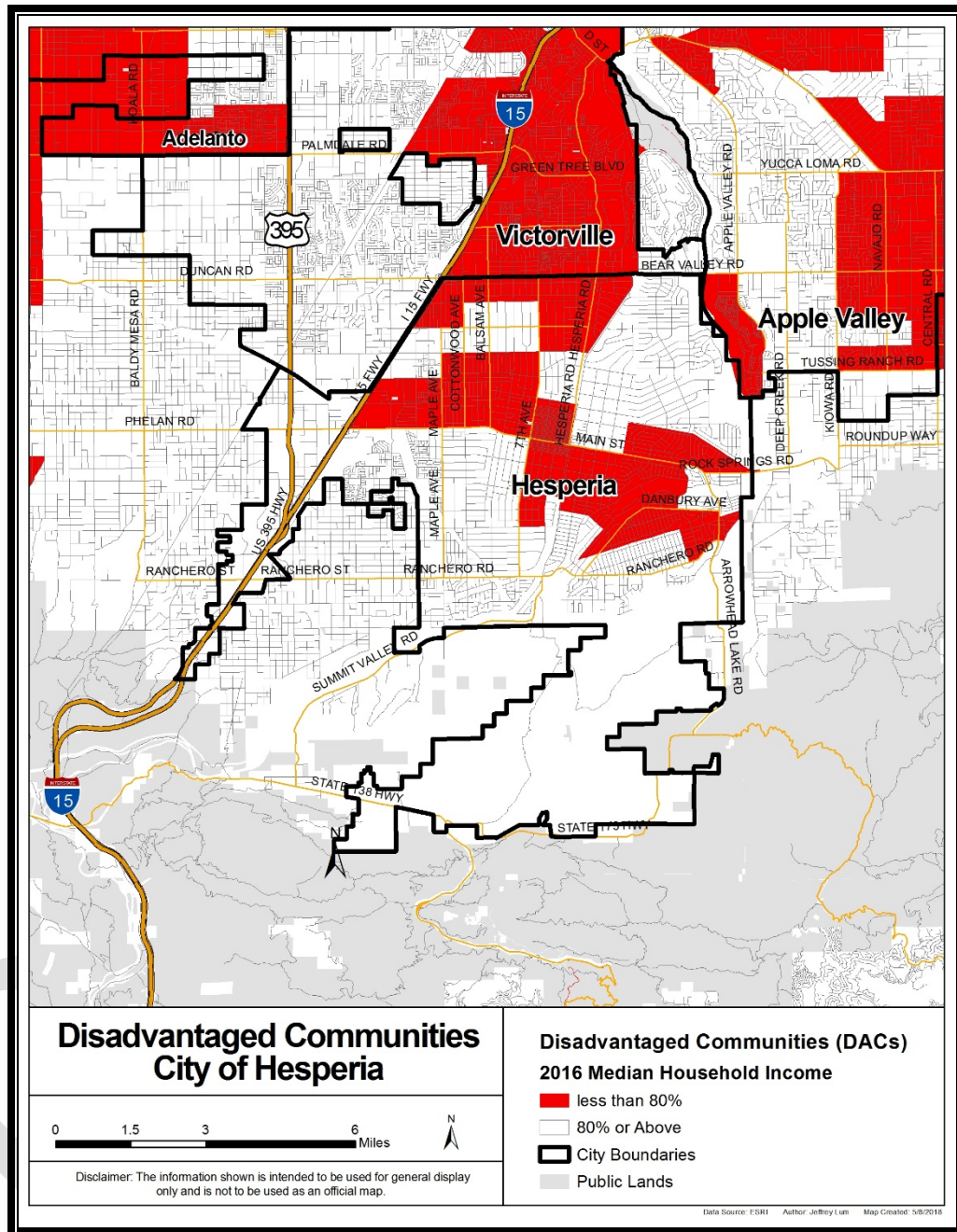
2. The present and probable need for public facilities and services in the area:

As referenced earlier in this report, HFPD has experienced ongoing revenue challenges primarily due to falling property values which have resulted in the decline of property tax-related revenues. Despite efforts to reduce expenditures whenever possible and reorganizing positions to minimize increases in the annual contract for fire protection services with the County, District reserves were ultimately depleted, nine County Fire positions were eliminated, and Fire Station 301 was closed in January 2012. Ongoing fiscal pressures continue to threaten the ability of HPFD to provide adequate levels of fire suppression and emergency services response to Hesperia residents.

HFPD and County Fire have submitted a Plan of Service and Fiscal Impact Analysis for the proposed sphere of influence amendment/annexation proposal. According to the Plan of Service, annexation to County Fire will allow the operations of the HFPD to fully integrate into County Fire and take advantage of the economies of scale available within the broader fire organization. Hesperia FPD will remain the vehicle to fund continuing retirement obligations for its former employees.

In addition, Government Code Section 56425(e)(5) directs the Commission to evaluate the present and probable need for the delivery of structural fire protection within a disadvantaged unincorporated community. LAFCO 3217 addresses the Hesperia Fire Protection District, which represents an incorporated city area not required for evaluation by the code section but the questions for assurance of service delivery to a disadvantaged community should also be addressed in this situation. The 2016 Disadvantaged Community Maps maintained by LAFCO identify that portions of the central and northern core of the District are disadvantaged and the Commission has an inherent responsibility to assure the continuation of this critical public health and safety service. The map which follows outlines the disadvantaged areas meeting the criteria of State law as earning less than \$50,043 for 2016 (less than 80% of Statewide median income):

RESOLUTION NO. 3265



3. The present capacity of public facilities and adequacy of public services that the agency to be expanded provides or is authorized to provide:

County Fire operates 75 fire stations serving approximately 1,000,000 residents in approximately 19,130 square miles of unincorporated territory plus ten incorporated cities including Adelanto, Fontana, Grand Terrace, Hesperia, Needles, San Bernardino, Twentynine Palms, Upland, Victorville, and Yucca Valley. County Fire provides a full

RESOLUTION NO. 3265

range of emergency services, including ladder trucks, fire boats for water rescues, snow cats for winter operations, heavy equipment for flooding and earth moving, ambulance transportation in seven ambulance operating areas, paramedics and large incident command and control capability. County Fire is the largest provider of pre-hospital care in the County and the second largest ambulance provider.

The package of applications submitted by HFPD and County Fire is intended to ensure adequate, long-term fire protection, emergency response and ambulance services for the residents of Hesperia. The District can no longer afford to continue funding these services at appropriate levels.

4. The existence of any social or economic communities of interest as determined by the Commission to be relevant to the agency:

The County Fire District currently provides fire protection and emergency services to 1,000,000 residents. In addition to 19,130 square miles of unincorporated territory, the District serves ten incorporated cities - Adelanto, Fontana, Grand Terrace, Hesperia, Needles, San Bernardino, Twentynine Palms, Upland, Victorville, and Yucca Valley. The implementation of a fiscally sustainable agency to provide adequate levels of fire protection, emergency response and ambulance service to the City of Hesperia residents over the long-term is critical for the safety and well-being of City residents.

5. Additional Determinations

- Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page advertisement in *The Victorville Daily Press*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.
- The map and legal description for these sphere of influence amendments was prepared and certified by the County Surveyor's Office.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i), the range of services provided by the Hesperia Fire Protection District and the San Bernardino County Fire Protection District shall be limited to the following:

RESOLUTION NO. 3265

	FUNCTIONS	SERVICES
Hesperia	Fire	Obligations for Administration of CalPERS Legacy Retirement Contract
San Bernardino County Fire	Fire	Structural, watershed, prevention, inspection, suppression, weed abatement, hazardous materials services. rescue, first aid, paramedic, ambulance transportation, emergency response, and disaster preparedness planning

The nature and location of the provision of these services by the San Bernardino County Fire Protection District to the Hesperia Fire Protection District and the larger Hesperia community will be considered within the companion proposal, LAFCO 3218.

WHEREAS, having reviewed and considered the determinations as outlined above, the Commission determines to expand the sphere of influence for the San Bernardino County Fire Protection District, encompassing approximately 46,674 acres (72.9 square miles), to include the territory within the boundaries of the Hesperia Fire Protection District.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission for San Bernardino County, State of California, that this Commission shall consider the territory described in Exhibits "A" and "A-1" as being within the sphere of influence of the San Bernardino County Fire Protection District, and that the Hesperia Fire Protection District shall have a zero sphere of influence, it being fully understood that the amendment of such spheres of influence are a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission for San Bernardino County, State of California, does hereby determine that San Bernardino County Fire Protection District, Hesperia Fire Protection District, and City of Hesperia shall indemnify, defend, and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission for San Bernardino County by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

RESOLUTION NO. 3265

* * * * *

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

I, KATHLEEN ROLLINGS-MCDONALD, Executive Officer of the Local Agency Formation Commission for San Bernardino County, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission by vote of the members present as the same appears in the Official Minutes of said Commission at its regular meeting of May 16, 2018.


DATED:

KATHLEEN ROLLINGS-MCDONALD
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: MAY 9, 2018

FROM:  KATHLEEN ROLLINGS-McDONALD, Executive Officer
ROBERT ALDRICH, Consultant
SAMUEL MARTINEZ, Assistant Executive Officer
JEFFERY LUM, LAFCO GIS/Database Analyst

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: **AGENDA ITEM #14 - LAFCO 3218** – Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone, and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from the Hesperia Fire Protection District

INITIATED BY:

Jointly initiated by the Board of Directors of the Hesperia Fire Protection District and Board of Directors of the San Bernardino County Fire Protection District

RECOMMENDATION:

Staff recommends that the Commission make the following determinations:

1. Modify LAFCO 3218 to address boundary realignment along the Mojave River to correct the boundary to parcel configurations for the Hesperia Fire Protection District and Apple Valley Fire Protection District rather than the unsurveyed centerline of the Mojave River;
2. Certify that LAFCO 3218, as modified, is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five (5) days;

3. Approve LAFCO 3218, as modified, with the following conditions:
 - a. Standard LAFCO conditions including indemnification by the Hesperia Fire Protection District, the San Bernardino County Fire Protection District and City of Hesperia as further defined in Condition “r” below;
 - b. The effective date of this reorganization, including annexations, detachments, and divestiture (hereafter identified as “Reorganization”), is subject to completion of terms and conditions outlined in this resolution for approval as authorized by Government Code Sections 56886(p) and 57202 and will be effective upon issuance of the Certificate of Completion;
 - c. Upon the effective date of the Reorganization, the Hesperia Fire Protection District’s functions (hereinafter “District”, “HFPD, or “Hesperia FPD”) will transfer to the San Bernardino County Fire Protection District (hereafter “County Fire” or “SBCFPD”) North Desert Service Zone, as the successor district (hereinafter “Successor District”) to the fire, emergency medical response and ambulance obligations of Hesperia Fire Protection District through divestiture of these functions. The Successor District shall succeed to and/or be assigned all rights, duties, responsibilities, properties (both real and personal except as further described in conditions below), contracts, equipment, assets, liabilities (excluding California Public Employees Retirement Fund as detailed in condition “e” below), obligations, functions, executory provisions, entitlements, permits and approvals of the Hesperia Fire Protection District. All property tax revenues attributable to the Hesperia Fire Protection District transferred to County Fire, its North Desert Service Zone and/or City of Hesperia prior to calculations required by Section 96.1 and all other collections or assets of the Hesperia Fire Protection District shall accrue and be transferred pursuant to Government Code Section 56886(l). Said Successor District shall be subject to the terms and conditions contained herein;
 - d. All previously authorized charges, fees, assessments, and/or taxes currently in effect by San Bernardino County Fire Protection District and/or its North Desert Service Zone shall be extended to the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t). Such revenues shall accrue and be deposited in accounts designated for the use of County Fire or its North Desert Service Zone;
 - e. Upon the effective date of the Reorganization, the Hesperia Fire Protection District shall retain the obligations for CalPERS retirement obligations attributed to the District’s CalPERS plan, or other contractual obligations related to retirement approved by the District for all suppression, prevention and administrative District employees. However, pursuant to adoption of Board of Supervisors Resolution No. 2018-24 and City of Hesperia/Hesperia

Fire Protection District Joint Resolution No. 2018-20, no property tax revenues will accrue to the Hesperia Fire Protection District upon completion of LAFCO 3218. Therefore, prior to issuance of the Certificate of Completion for LAFCO 3218, the Hesperia Fire Protection District shall provide a signed agreement between Hesperia Fire Protection District and the City of Hesperia to the Local Agency Formation Commission for review and approval by its Executive Officer. Such agreement shall provide for the City's assumption of liability for the CalPERS obligations of the Hesperia Fire Protection District, including, but not limited to, timely payment of annual employer contributions to CalPERS required of the Hesperia Fire Protection District and any withdrawal liability assessed as a result of the voluntary or involuntary termination of the District's CalPERS contract for pensions. In addition, such agreement shall provide for the establishment of an Section 115 irrevocable trust for the benefit of the Hesperia Fire Protection District pursuant to which contributions equal to the annual employer contribution to CalPERS required of the District for both its safety and miscellaneous plans are made by the City before the beginning of the fiscal year in which the contributions will be due. The source of such contributions shall be funds derived from the transfer of property tax share to the City of Hesperia as a function of LAFCO 3218. Any remaining CalPERS obligations of the District not covered from assets in the Section 115 irrevocable trust shall be paid by the City of Hesperia pursuant the terms of the contractual agreement. Prior to the issuance of a Certificate of Completion for LAFCO 3218, a copy of the signed agreement between the Hesperia Fire Protection District and the City of Hesperia, as approved by the Executive Officer, shall be provided to the Local Agency Formation Commission;

- f. Prior to the issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District, County of San Bernardino, and San Bernardino County Fire Protection District enter into a contract which directs the Auditor-Controller/Treasurer/Tax Collector for San Bernardino County to direct the pass-through funds attributable to the Hesperia Fire Protection District from all redevelopment activities within its boundaries be transferred to the North Desert Service Zone of SBCFPD, Successor District, to fund the provision of fire protection, emergency medical response and ambulance services. This contract shall be perpetual and address the needs for allocation of funds should the State of California make changes to this revenue stream legislatively. This amount is in addition to the amounts determined pursuant to the provisions of Revenue and Taxation Code Section 99 for LAFCO 3218;
- g. Upon the effective date of the Reorganization, the Successor District shall accept all facilities transferred from the Hesperia Fire Protection District in

“as is” condition [pursuant to Government Code Section 56886(h)] as outlined in the updated Plan for Service, attached hereto as Exhibit “C.” All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.) rolling stock, tools, office furniture, fixtures and equipment, lands, buildings, real and personal property and appurtenances held by the Hesperia Fire Protection District shall be transferred to the Successor District, the North Desert Service Zone of SBCFPD. All quitclaim deeds to effectuate the transfer of land and/or buildings and the title transfer documents for vehicles shall be prepared by the Hesperia Fire Protection District to be filed upon the effective date of the change with copies provided to LAFCO;

- h. Upon the effective date of the Reorganization, the Successor District shall accept the administration of Community Facilities District #94-01 (hereafter CFD #94-01) from the Hesperia Fire Protection District. The special tax levy for this entity shall be applied pursuant to the terms as specified in Hesperia Fire Protection District Resolution No. 94-14. All cash on hand or fund balance in the accounts of CFD #94-01 within the Hesperia Fire Protection District upon the effective date of LAFCO 3218 shall transfer to the administration of this CFD under the Successor District. All delinquent taxes and any and all other collections or assets of CFD #94-01 that may accrue shall be transferred to the Successor District pursuant to Government Code Section 56886(i). The revenues to be received by the Successor District administering CFD #94-01 are impressed with the public trust, use or purpose as defined by Hesperia Fire Protection District Resolution No. 94-14 and all transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing CFD #94-01 by the Successor District.

Prior to issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District and San Bernardino County Fire Protection District enter into a contract which directs the transfer of authority for CFD #94-01 and the requirement for implementation of the terms of Hesperia Fire Protection District Resolution No. 94-14 and Resolution No. HFPD 2006-01 for the future as authorized by Government Code Section 56886(u);

- i. Following the effective date of the Reorganization, the North Desert Service Zone of the San Bernardino County Fire Protection District, Successor District, shall take an action pursuant to Government Code Section 53339.2 authorizing and defining the area for the future annexation of territory to Community Facilities District #94.01. This area shall be defined as the undeveloped territory within the Community of Hesperia as identified by the sphere of influence assigned the City of Hesperia. This area shall be designated as Future Annexation Area IV, excluding from it the Tapestry Specific Plan area and the territory included within LAFCO 3218 currently

within the boundaries of the Town of Apple Valley as shown on Exhibit “D” to this resolution.

The future administration of CFD #94-01 shall require that the North Desert Service Zone of San Bernardino County Fire Protection District, Successor District, participate in the development review process of the City of Hesperia and County of San Bernardino for any properties within the defined Future Annexation Area IV of CFD #94-01 shown on Exhibit “D”. As part of the land use approval process, the City of Hesperia and/or the County of San Bernardino shall require any new development within the defined Future Annexation Area IV of CFD #94-01 be annexed into CFD No. #94-01 as a condition of development approval and said annexation shall be completed prior to the issuance of the certificate of occupancy for said project(s);

- j. Prior to issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District and San Bernardino County Fire Protection District enter into a contract which directs the portion of proceeds attributable to fire protection and emergency medical response services within City of Hesperia Resolution No. 2005-32 and Resolution No. 2005-33 for CFD 2005-1 shall transfer to the Successor District, North Desert Service Zone of San Bernardino County Fire Protection District in the same manner and in the same amounts as would have been transferred to the Hesperia Fire Protection District by the City of Hesperia’s implementation of the covenants for CFD 2005-1. All delinquent taxes and any and all other collections or assets of CFD 2005-1 that may accrue for the provision of fire protection services shall be transferred to the Successor District pursuant to Government Code Section 56886(i). The revenues to be received by the Successor District on behalf of CFD 2005-1 are impressed with the public trust, use or purpose as defined by Hesperia Fire Protection District Resolution No. 2005-32 and 2005-33 and all transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing CFD 2005-1 by the City of Hesperia;
- k. The Successor District shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the Hesperia Fire Protection District [Government Code Section 56886(r)]. Amendments of existing agreements required for successful transfer shall be completed and submitted to the Local Agency Formation Commission prior to the issuance of the Certificate of Completion to address any changes [Government Code Section 56886(r)(v)];
- l. Upon the effective date of this Reorganization, the Successor District for the ambulance services currently provided within Exclusive Operating

Area (EOA) 17 by the Hesperia Fire Protection District shall be the North Desert Service Zone of County Fire. The Successor District shall function under Division 2.5 of the California Health and Safety Code for the provision of ambulance services as recognized by the Local Emergency Medical Services Agency (LEMSA), the Inland Counties Emergency Medical Authority (ICEMA) with regard to the 201 provision of ambulance service by Hesperia Fire Protection District within EOA 17 and confirmed by correspondence dated September 18, 2017 from the Interim Chief Executive Director of ICEMA and correspondence dated September 18, 2017 from the Interim County Executive Officer as administrator of County Fire;

- m. Upon the effective date of the reorganization, the City of Hesperia/Hesperia Fire Protection District shall adopt the existing County Fire Ordinances and Fee Schedules and acknowledge the continuance of the Memorandum of Understanding between the County of San Bernardino Land Use Services Department and San Bernardino County Fire Protection District for Fire Hazard Abatement within the boundaries of the City of Hesperia.
- n. Upon the effective date of this Reorganization, any funds currently deposited for the benefit of the Hesperia Fire Protection District operations which have been impressed with a public trust, use or purpose, shall be transferred to the Successor District and said District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;
- o. Upon the effective date of this Reorganization, any funds currently deposited for the benefit of Hesperia Fire Protection District CFD #94-01 which have been impressed with a public trust, use or purpose, shall be transferred to the Successor District for its administration of CFD #94-01, and said Successor District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;
- p. Upon the effective date of this Reorganization, the appropriation limit of the San Bernardino County Fire Protection District, North Desert Service Zone shall be increased by \$8,500,000 for Fiscal Year 2018-19 to recognize the anticipated first year proceeds of taxes for the provision of fire protection, emergency medical response, and ambulance services;
- q. As of the date of approval of the Reorganization by LAFCO through the effective date pursuant to the provisions of Government Code 56886(v), the Commission requires that as outlined in Government Code Section 56885.5(a) (4), the Board of Directors of the Hesperia Fire Protection District shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section

54956.5, and such action is supported by the San Bernardino County Fire Protection District:

- a) **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the Hesperia Fire Protection District shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2017-18.
- b) **Bound by Current Budget:** No appropriating, encumbering, expending, or otherwise obligating any revenue of the Hesperia Fire Protection District beyond that provided in the current budget at the time of Commission approval, unless agreed to by the Successor District, shall be allowed.
- r. The Hesperia Fire Protection District and the San Bernardino County Fire Protection District, applicants for this change of organization, as well as the City of Hesperia, recipient of property tax revenues from the Hesperia Fire Protection District, shall indemnify, defend and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission;
- 4. Adopt LAFCO Resolution No.3266 setting forth the Commission's determinations and conditions of approval concerning this proposal and specifying that the protest period for this change of organization shall be 60 days.

The staff believes that the recommendations outlined for Commission action will address the requirements for authorizing a financially sustainable fire provider within the community of Hesperia. However, should the City of Hesperia's objections to the inclusion of the condition that County Fire move forward to define Future Annexation Area IV for CFD #94-01 to provide for future increased funding be persuasive, Condition i can be modified to exclude that expansion. The balance of the staff recommendation would remain intact with condition i amended to read as follows:

- i. Following the effective date of the Reorganization, the North Desert Service Zone of the San Bernardino County Fire Protection District, Successor District, shall take an action pursuant to Government Code Section 53339.2 authorizing and defining the area for the future annexation of territory to Community Facilities District #94.01 succeeding to the definition established by HFPD Resolution No. 2006-01. The future administration of CFD #94-01 under the Successor District shall require that the North Desert Service Zone, Successor District, participate in the development review process of the City of Hesperia for any properties within the defined Future Annexation

Area of CFD #94-01 shown on Exhibit “D”. As part of the land use approval process, the City of Hesperia shall require any new development within the defined annexation area of CFD #94-01, be annexed into CFD No. #94-01 as a condition of development approval and said annexation shall be completed prior to the issuance of the certificate of occupancy for said project(s).

BACKGROUND

On July 1, 1988, the City of Hesperia (hereafter “City”) was incorporated and the Hesperia Fire Protection District (hereafter “District”, “HFPD” or “Hesperia FPD”) was established as a subsidiary district of the new City. The HFPD retained its status as a self-governed district with the requirement for separate accounting and management of personnel, and the City Council served as the ex-officio board of directors. For the next 16 years, the City operated its fire protection district.

Following the recession of the late 1990’s, and the failure of special tax on the ballot to provide supplemental funding, HFPD struggled to fund paramedic service within the District. In 2003-04, the City Council, as the HFPD Board of Directors, transferred the District’s fire operation (staff and equipment) to the San Bernardino County Fire Protection District (hereafter “County Fire”) and entered into a contract for provision of fire, emergency medical and ambulance services by County Fire. HFPD again struggled with financial constraints during 2007 – 2010 (the “Great Recession”) as falling property values resulted in a decline in property tax-related revenues. Despite efforts to reduce expenditures and reorganize positions to minimize increases in the annual contract with County Fire, reserves were depleted. In order to balance the HFPD budget in FY 2010-11, the District required a \$1.0 million subsidy from the City General Fund.

In an ongoing effort to address funding shortfalls, Fire Station 301, located at 9430 11th Avenue, was closed in January 2012 after Measure F – a ballot measure that would have imposed an \$85 parcel tax for five years to help fund HFPD – was rejected by 80 percent of the Hesperia voters. Lack of Measure F funding also resulted in the need to again reduce the contract with County Fire by nine positions. In April 2013, HFPD accepted a \$2 million, two-year Staffing for Adequate Fire & Emergency Response (SAFER) Grant and added 18 limited term firefighter/paramedics to fill a daily three-shift rotation. In June 2015, the two-year SAFER Grant ended, and in order to sustain a level of service that HFPD could afford, the HFPD budget was reduced by \$1.1 million, eliminating the positions funded by the former grant.

Ultimately, it was identified that annexation was the best option for HFPD and County Fire to pursue, and that action represented the first step in providing a fiscally

sustainable, long-term solution to the provision of adequate fire, emergency medical and ambulance services within the City of Hesperia and to the larger Hesperia community. This option came with the proviso that no special tax agency, such as Service Zone FP-5, be included as a part of the consideration to apply to all parcels within the City of Hesperia as mandated by the Board of Directors of HFPD.

On November 1, 2016, HFPD adopted Resolution No. 2016-19 initiating proceedings with LAFCO for annexation of the District area into County Fire, its North Desert Service Zone, and the divestiture of the functions of fire, emergency medical response and ambulance from HFPD. On April 18, 2017, County Fire adopted Resolution No. 2017-75 initiating the change of organization and supporting HFPD's resolution. The reasons specified in these resolutions for the change of organization are:

Whereas, the reasons for this...proposed reorganization are to provide effective, safe, and financially sustainable fire protection, emergency medical, and ambulance services to the Hesperia Fire Protection District and permit the subject agencies to streamline fire protection services to the subject territory so as to provide orderly growth and development within the subject territory; and to permit all agencies authorized to provide the scope of municipal services to extend their boundaries to cover the subject territory in one action;

If approved, the annexation of HFPD into County Fire would result in the complete assumption of fire, suppression, rescue, prevention, emergency medical and ambulance services by County Fire within the current HFPD boundaries. However, the HFPD would continue to exist to ensure its continued participation in CalPERS on an ongoing inactive status basis allowing the City to contractually provide for annual payments of HFPD's required employer contributions. A map illustrating the proposed annexation area is included as a part of Attachment #1 to this report and is shown on page 11 of this report.

At the core of this discussion is the need to preserve an adequate delivery system for fire protection, emergency medical response and ambulance services to the citizens of Hesperia, a critical health and safety issue. Annexation to County Fire represents one option to continue that service. However, like other recent fire reorganizations LAFCO staff has analyzed in Needles, San Bernardino, Twentynine Palms and Upland, the "devil is in the details," and the HFPD proposal is no exception.

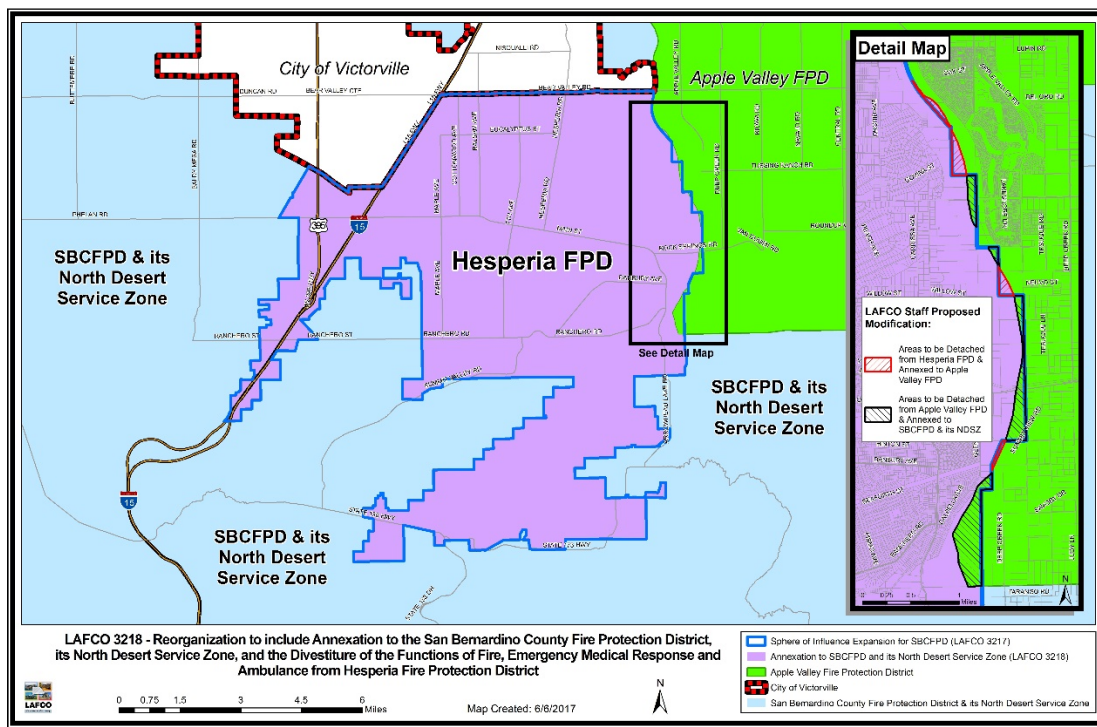
The narrative that follows provides a discussion of the mandatory factors of consideration as required by Government Code Section 56000 et al. It provides a detailed analysis based on a snapshot in time. The snapshot is represented by the Plan of Service and Fiscal Impact Analysis (as revised October 5, 2017). As with all applications for change of organization, the Commission's review will focus on making the required determinations in four areas:

1. **BOUNDARIES:** Do the boundaries presented for the reorganization represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery for all services proposed to transition?
2. **LAND USE:** Will approval of the proposal affect the land use authority or the decisions upon land use options?
3. **FINANCIAL AND SERVICE CONSIDERATIONS:** Does the reorganization represent the best available service option for the affected community? Does it provide for a more efficient and effective form of government? Can the annexing or successor district continue to provide the level of service which existed prior to the change? Is the change financially sustainable? Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?
4. **ENVIRONMENTAL:** Will the proposed reorganization have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

BOUNDARIES

***BOUNDARIES:** Do the boundaries presented for the reorganization represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery for all services proposed to transition?*

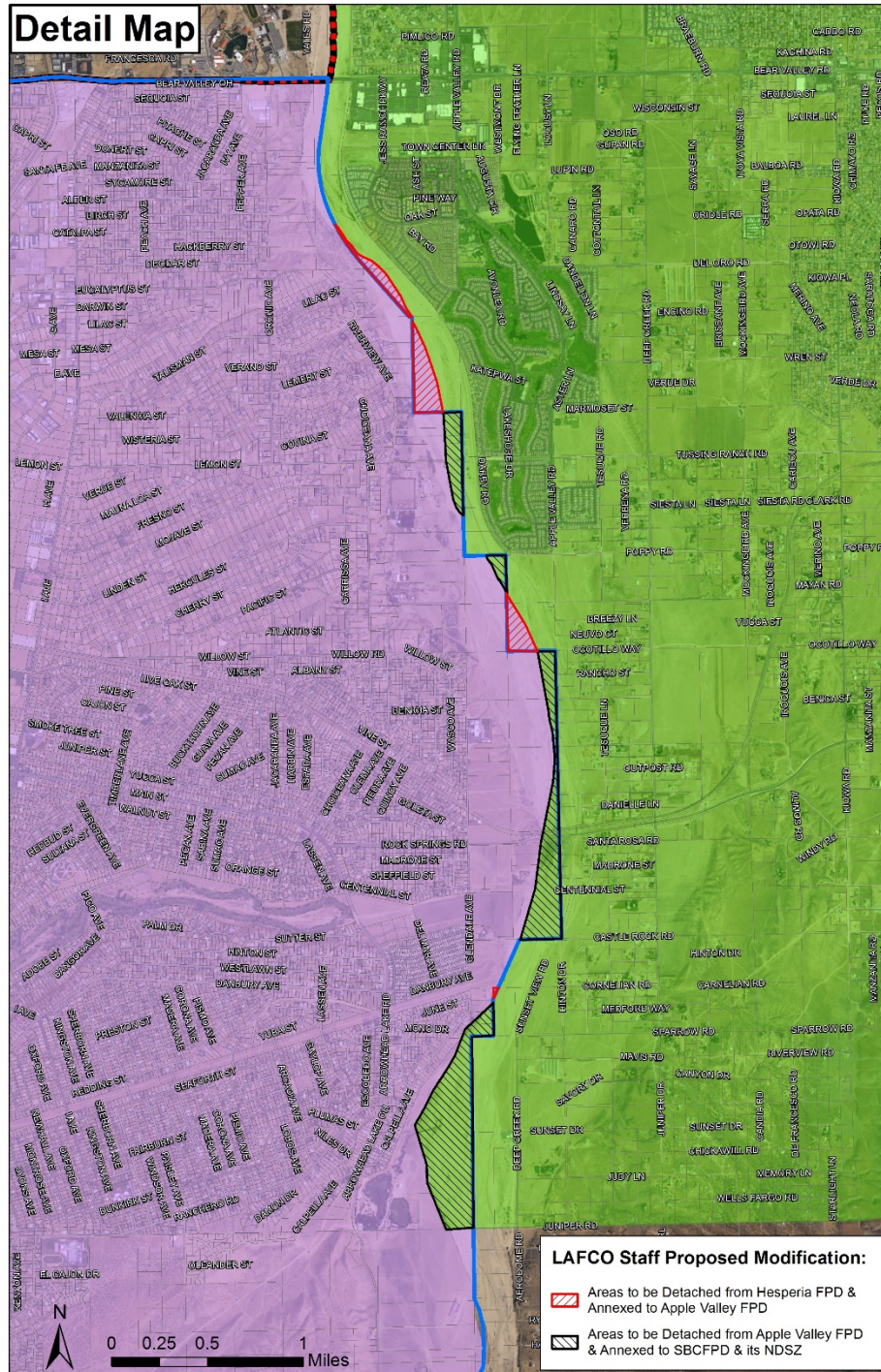
The proposal, as submitted by the HFPD and County Fire, anticipates the annexation of the entirety of the Hesperia Fire Protection District to the San Bernardino County Fire Protection District and its North Desert Service Zone (see Exhibit below) for the direct provision of fire protection, emergency medical response and ambulance services. County Fire's North Desert Service Zone is the defined successor agency to receive the assets and liabilities, responsibilities and obligations of the HFPD, while administrative functions will be provided by the parent district, SBCFPD.



Mojave River – Special District Boundary Issues

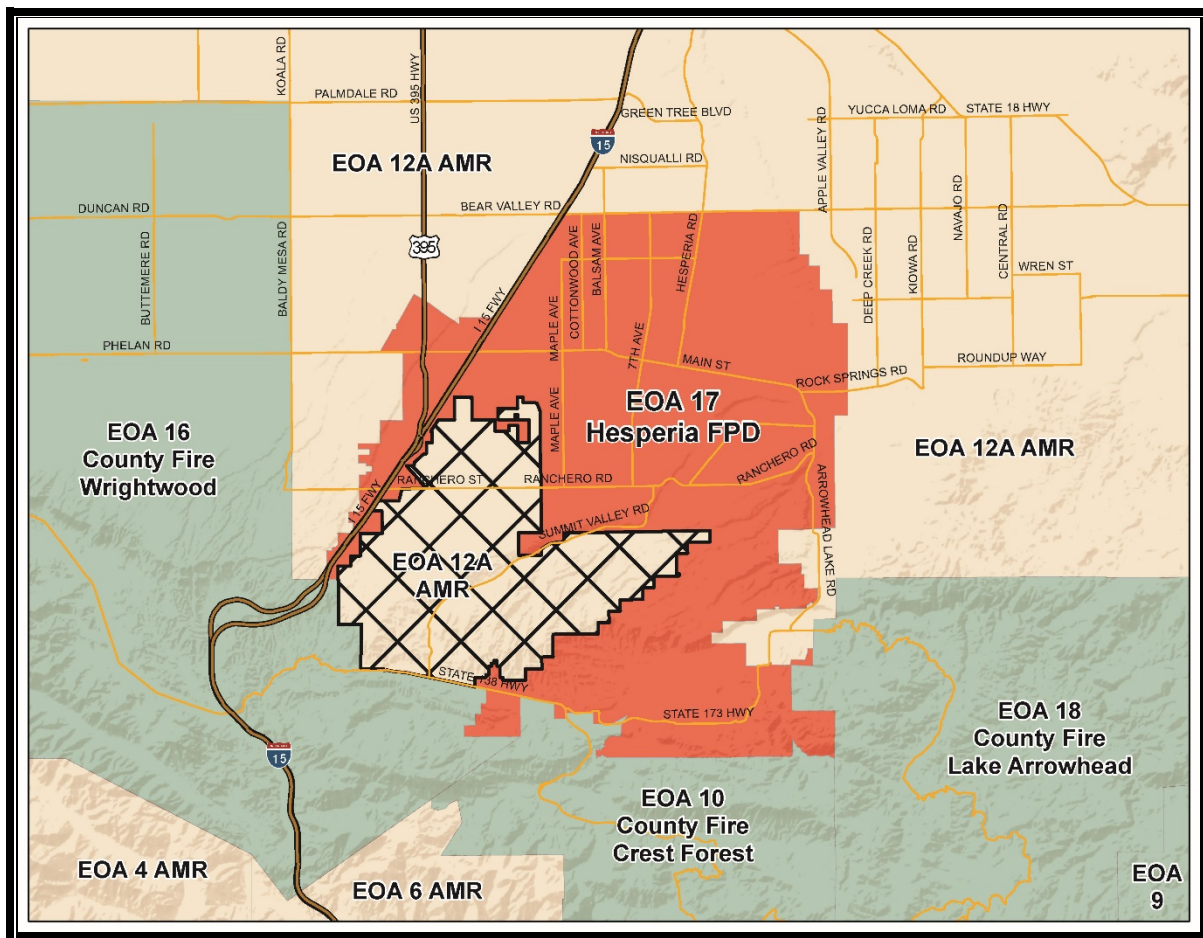
Since the incorporation of the City of Hesperia and the Town of Apple Valley, questions have been raised regarding the delineation of the overlying special district boundaries along the Mojave River which include the Hesperia Water District, Hesperia Fire Protection District, Hesperia Park and Recreation District, and Apple Valley Fire Protection District. A formal request was submitted to the affected agencies in 1993 attempting to resolve the boundary issue, but was not supported by the HFPD Fire

Chief at the time. It is the position of LAFCO staff that this matter should be resolved for the fire providers in the area; therefore, the recommendation is to modify the proposal to include the transfers of territory between the HFPD and Apple Valley FPD as a part of this change of organization. The Apple Valley Fire Protection District has consented to this modification (Attachment #3). These changes are illustrated in the Detail Map below.



Ambulance Service Boundaries

As a part of the divestiture of functions for the HFPD, its ambulance services are being transferred to County Fire. HFPD has ambulance transport responsibilities which existed prior to the implementation of the State's EMS system in 1980, commonly referred to as "201" rights. The map, below, identifies the area designated for the Hesperia FPD provision of ambulance service by the Inland Counties Emergency Medical Authority (ICEMA) referenced as Exclusive Operating Area 17.



The proposed transfer was reviewed with the management of ICEMA. By letter dated September 18, 2017, the Interim County Executive Officer, responding as both the Executive Director of ICEMA and County Fire, identified that there were no questions or concerns regarding the transfer.

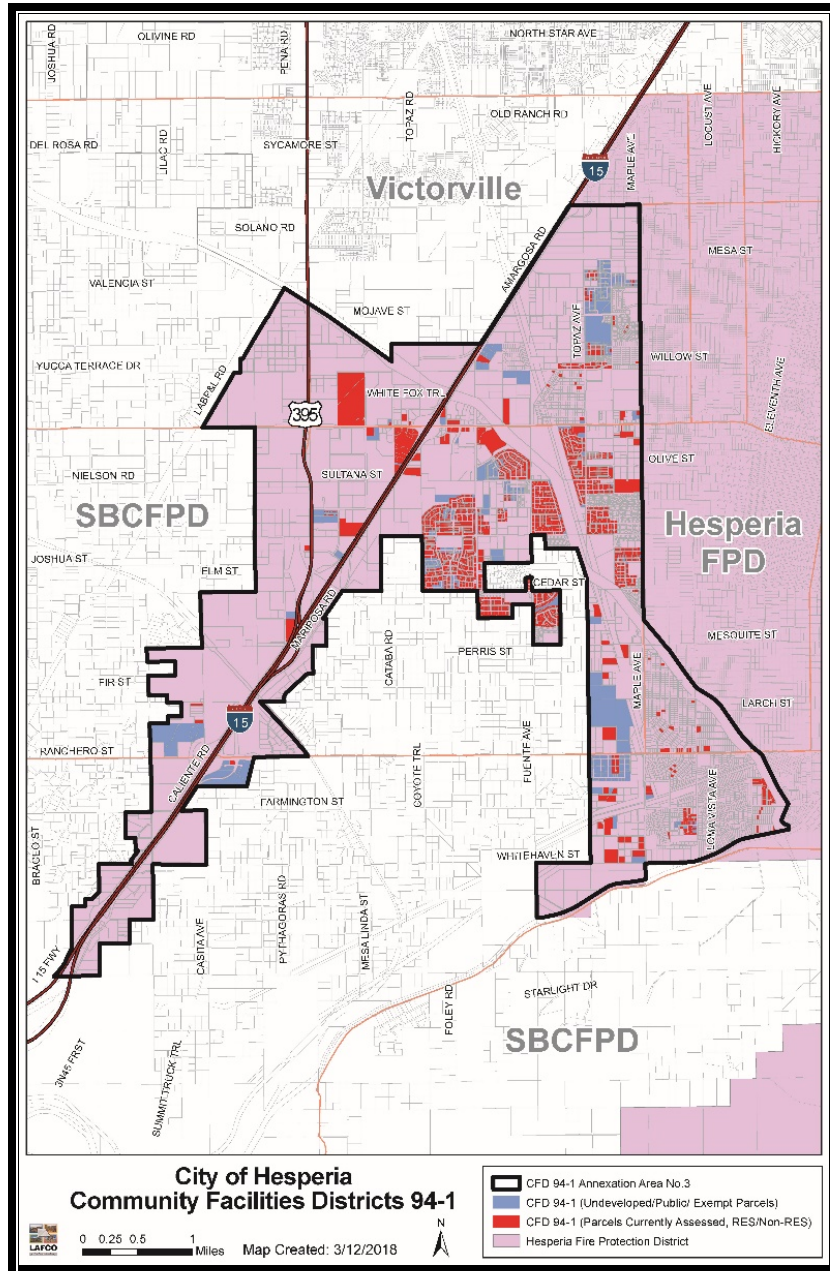
LAFCO staff, however, has a concern related to the Exclusive Operating Area (EOA) 12A portion located southeasterly of I-15, shown as the hatched area on the map above. This area will in essence become an island surrounded by ambulance service provided by County Fire. ICEMA has historically taken the position that LAFCO has no

ability to address the development or amendment of these operating areas; however, as a private company, there is no requirement for County Fire to provide automatic aid in that region. Staff believes that there should be discussion for this area to transition into EOA 17, allowing for service to be directly provided by County Fire for ambulance response and transport.

Community Facilities District #94-01

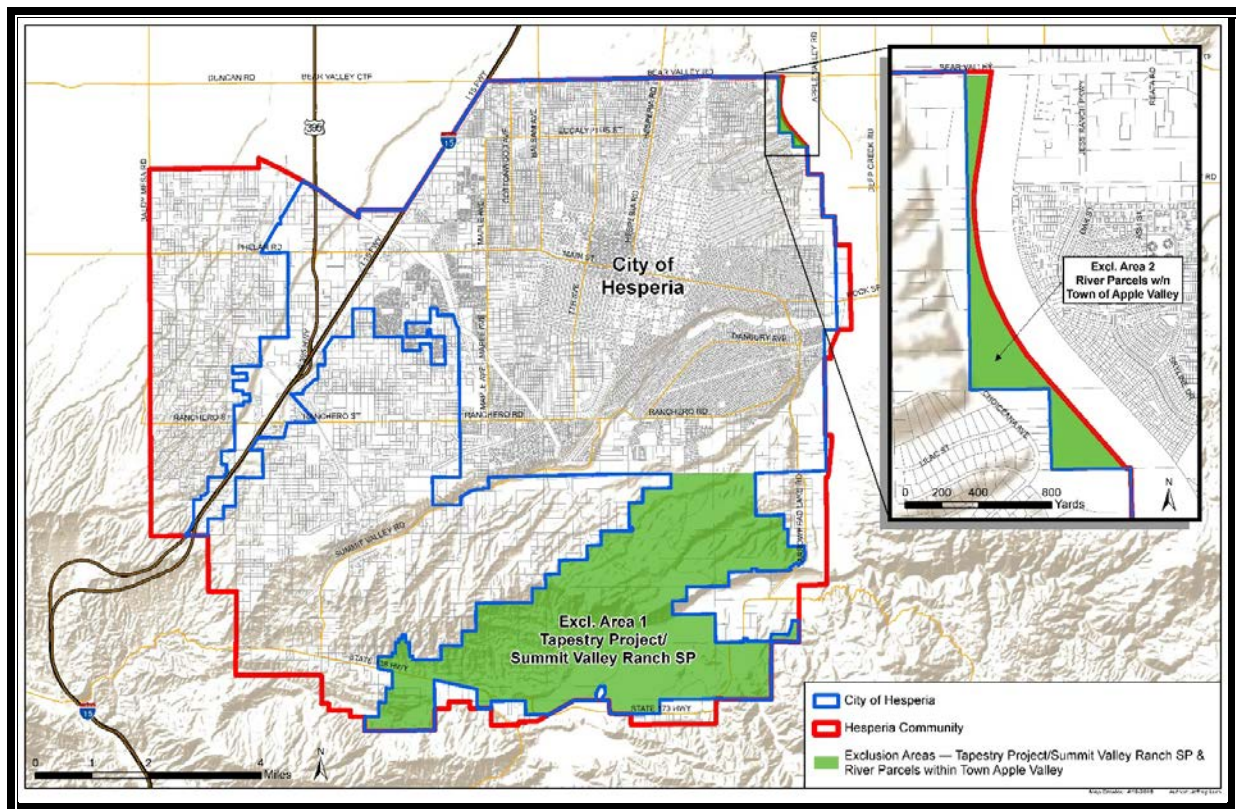
LAFCO 3218 also transfers HFPD's responsibility for the management and operation of Community Facilities District #94-01 (hereafter shown as "CFD #94-01") which was created to fund the increasing need for fire protection and emergency medical response to the developing west side of Hesperia. Annexation to CFD #94-01 is required for all new development within the defined Future Annexation Area III.

The map below identifies the current "Future Annexation Area III" as defined by HFDP as well as the actual parcels that have been annexed to CFD #94-01. The parcels identified include those which are developed (currently paying the annual special tax) and those which have been annexed but remain undeveloped (do not currently pay the annual special tax):

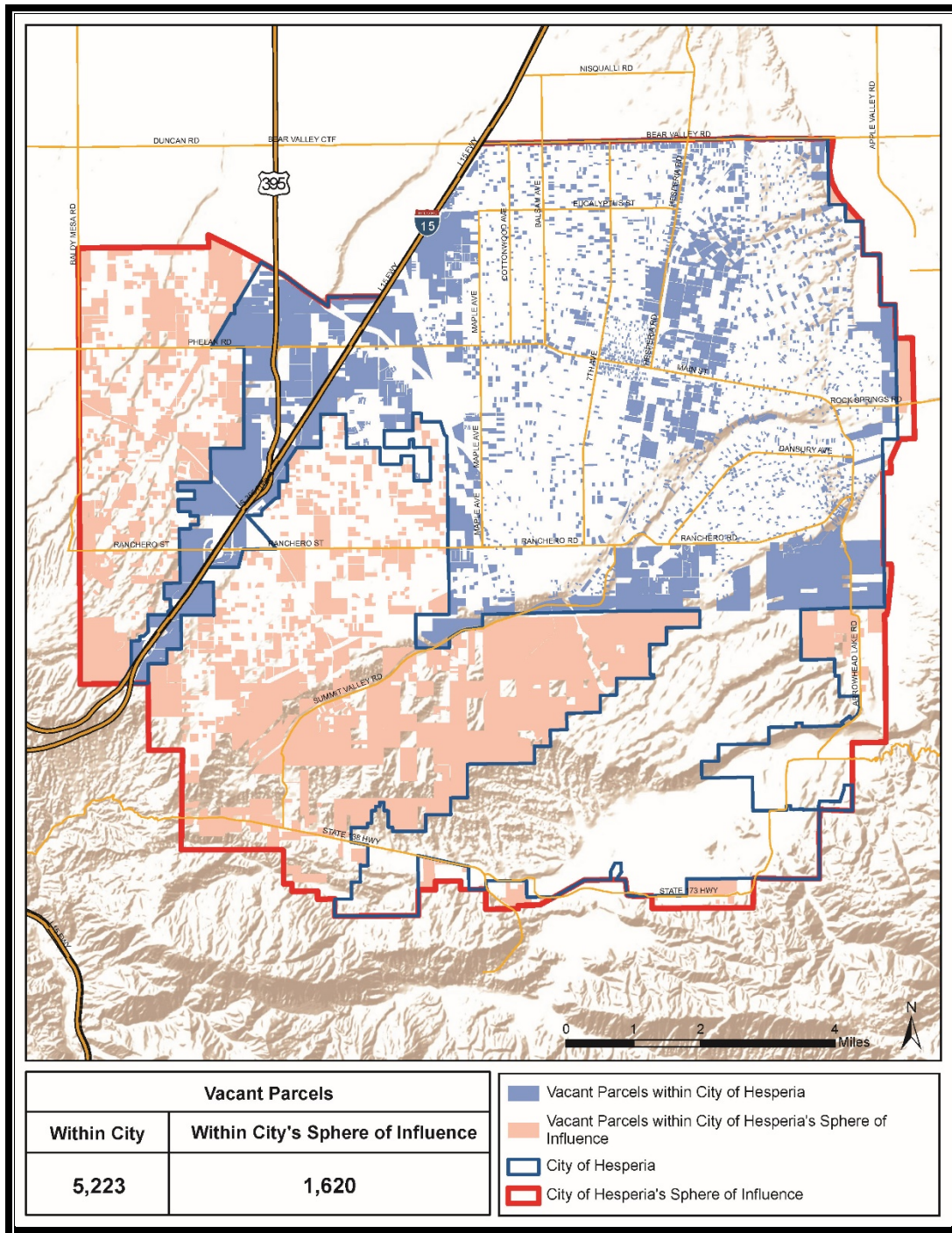


As more thoroughly reviewed in the financial section of this report, it is the position of LAFCO staff that the purpose of CFD #94-01, from its creation by the Hesperia Fire Protection District in 1994, was to provide for a revenue stream to support increased service requirements related to new construction. In light of the determinations in prior service reviews for the community of Hesperia and staff's ongoing concern for providing sustainable funding as part of this reorganization, staff is proposing as a condition of approval that County Fire be required to expand the future annexation area of CFD #94-01. The proposed expansion reflects the community of Hesperia as a whole with the exception of the Tapestry Specific Plan area, as shown on the map below, and impacts new construction only.

The Tapestry Specific Plan has been under consideration by the City for many years. At present, the Specific Plan includes a specific fire service plan as a part of the financing of services and addresses the need for an additional three fire stations. This plan also includes the creation of a new CFD for both financing of infrastructure as well ongoing operation and maintenance of law enforcement and fire protection services. Staff is proposing to retain this area as a separate funding mechanism. In addition, the area currently within the boundaries of the Town of Apple Valley is also proposed to be excluded from the future annexation area.



While staff believes that addressing the service needs of new residents and businesses throughout the community of Hesperia is needed, representatives of the City have expressed concern and opposition to such a condition. The application of this type of condition would only apply to currently vacant parcels, estimated at 5,223 parcels within the City, and 1,620 parcels within the unincorporated sphere of influence generally associated with the Oak Hills Community Plan (jointly adopted by the City and County of San Bernardino). The vacant parcels are shown on the map below:



The financing issues associated with the provision of fire protection and emergency medical response services in the community of Hesperia have been addressed in service reviews conducted by LAFCO, by the need to enter into a contract for service in 2004 to address significant shortfalls, and are more fully addressed in the financing section which follows. Therefore, staff is recommending that the Commission approve the inclusion of the following condition to require that all new development be required to annex into CFD #94-01 operated by County Fire and pay a special tax. Such

annexation will be accomplished pursuant to the procedures required by law for any Mello-Roos Community Facilities District setting forth a protest process. The language of the condition being recommended is:

Following the effective date of the Reorganization, the North Desert Service Zone of the San Bernardino County Fire Protection District, Successor District, shall take an action pursuant to Government Code Section 53339.2 authorizing and defining the area for the future annexation of territory to Community Facilities District No. #94-01. This area shall be defined as the undeveloped territory within the Community of Hesperia as identified by the sphere of influence assigned the City of Hesperia. This area shall be designated as Future Annexation Area IV excluding the Tapestry Specific Plan area and the territory included within LAFCO 3218 currently within the boundaries of the Town of Apple Valley as shown on Exhibit "D" to this resolution.

The future administration of CFD #94-01 shall require that the North Desert Service Zone of San Bernardino County Fire Protection District, Successor District, participate in the development review process of the City of Hesperia and County of San Bernardino for any properties within the defined Future Annexation Area IV of CFD #94-01, anticipated to be the area shown on Exhibit "D". As part of the land use approval process, the City of Hesperia and/or the County of San Bernardino shall require any new development within the defined Future Annexation Area IV of CFD #94-01 be annexed into CFD No. #94-01 as a condition of development approval, and said annexation shall be completed prior to the issuance of the certificate of occupancy for said project(s).

Inclusion of this condition will require that County Fire isolate the revenues received from CFD #94-01 for use only within the boundaries – they cannot be used to fund services outside the Hesperia community.

Based upon the staff's review of the proposal against the boundary considerations outlined above, it is staff's position that LAFCO 3218, as modified, provides for a definite and certain boundary as required by LAFCO law for all the affected agencies, both successor and continuing service providers, as well providing for the necessary future funding to allow the Commission to make a determination of financial sustainability.

LAND USE

LAND USE: Will approval of the proposal affect the land use authority or the decisions upon land use options?

The review and approval of LAFCO 3218 will have no direct effect on the land use designations assigned by the City of Hesperia through its General Plan. The City of Hesperia is largely developed with a diverse mix of land uses, and the need for the continuation of fire protection and emergency medical response is a health and safety issue of critical importance to the City, the community and its surrounding service providers. According to City staff, the percentage of developed land uses within the City includes the following:

City of Hesperia – Land Use	Percent of Total
Residential	51
Commercial	7
Industrial	- 6
Agricultural	3
Vacant/Undeveloped	27
Other	6

Source: City of Hesperia Planning Dept.

According to the State Department of Finance/Demographic Research Unit, the current population for the City of Hesperia is 94,133 (1/1/2017). Population projections prepared by the City indicate that by 2040 Hesperia's population will reach 136,517. These population projections include development assumptions for the Tapestry Master-Planned Community.¹

SCAG has also adopted a Regional Transportation Plan and Sustainable Community Strategy (RTP/SCS) pursuant to the provisions of Government Code Section 65352.5, and approval of LAFCO 3218 will have no direct impact on those determinations. However, the Sustainable Community Strategy is required to assess the ability of an area to receive its required services in order to maintain its viability, and performance measures are anticipated in the 2016-2040 RTP/SCS document (and in follow-up amendments) to attempt to achieve appropriate funding for this service. Therefore, approval of LAFCO 3218 will assist in the implementation of the 2016–2040 RTP/SCS.

The consideration and approval of LAFCO 3218 will have no direct impact upon land use decisions with the City of Hesperia.

¹ Development of the Tapestry project will require that a new Community Facilities District for maintenance and operation of both law enforcement and fire operations be formed. If LAFCO 3218 is successful, County Fire will participate in the finalization of the new Community Facilities District as the direct provider of fire protection services, emergency medical response and ambulance services to assist in defining the additional per parcel charge to be affixed to fund the maintenance of up to three new stations.

SERVICE CONSIDERATIONS AND FINANCIAL EFFECTS

SERVICE AND FINANCIAL CONSIDERATIONS: Does the reorganization represent the best available service option for the affected community? Does it provide for a more efficient and effective form of government? Can the annexing or successor district continue to provide the level of services which existed prior to the change? Is the change financially sustainable? Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?

The questions related to service considerations, financial effects, and a determination of ongoing sustainability are the heart of the issues that the Commission must consider for LAFCO 3218. Commission policy requires that the Plan for Service contain a fiscal impact analysis using a projection of five years. It is the task of the Commission to evaluate the information provided for the operations and financing of fire protection, emergency medical response and ambulance operations, and determine if the proposal is operationally efficient and fiscally sustainable.

Upon receipt of a full application related to the reorganization in April 2017, the materials were circulated for review and comment. Questions were raised regarding financing projections, transfer of redevelopment pass-through revenues, and assignment of responsibilities and auxiliary financing entities among other items. In response, the Hesperia FPD and County Fire submitted a revised Plan for Service in October of 2017 and a revised Fiscal Impact Analysis in January of 2018, both of which were recirculated for review and comment. It is these revised materials that are evaluated in the service and financial consideration discussion which follows.

Service Considerations

The reorganization proposal includes annexation to County Fire (for administrative purposes), it's North Desert Service Zone (successor for operations), and the divestiture of the functions of fire, emergency medical response and ambulance from HFPD (leaving it with the obligation for management of legacy unfunded retirement obligations). County Fire is the parent district and the administrative arm of the Board-governed fire protection district. The regional structure underlying County Fire provides for the tailoring of service delivery needs to the unique population, land use and geographic composition of each region:

- The Valley Region includes the County's more densely developed areas;
- The Mountain Region includes urban forested areas with year-round populations; and,
- The two Desert Regions within County Fire serve two vastly different population needs – the North Desert Region within the I-15/I-40 transportation corridors composed largely of truck and rail traffic, and the South Desert Region

comprised of Colorado River recreational activities and other isolated desert areas.

County Fire utilizes the Confire JPA Dispatch Center located in Rialto. The Confire system dispatches the closest available unit by using the call location and real time Automatic Vehicle Locators (AVL), IPADs, and Wi-Fi hotspots on all units to support the latest generation of Computer Aided Dispatch (CAD) and support. The IPADs provide call details, mapping and pre-plan information. Patient Care Reports are generated on table computers that are linked through the Wi-Fi hotspot to the call data.

Confire is also a certified provider of a Medical Priority Dispatch System (MPDS). The system is a unified system used to dispatch appropriate aid to medical emergencies including systematic caller interrogation and pre-arrival instructions. Confire also provides the network connectivity for all San Bernardino County Fire Stations to allow for system inter-action of various County Fire programs and management tools.

Conditions have been included in the staff recommendations to designate the successor agency and to address the assignment of these responsibilities.

Transition of Service and Facilities

LAFCO 3218 is unique when compared to other fire reorganizations in that the existing provider, Hesperia FPD, will remain but only for the maintenance of legacy retirement payments. The Commission will need to divest this District of all of its other responsibilities. Therefore, the first step in this consideration is the determination of the successor district for the service delivery transition from Hesperia FPD to County Fire.

San Bernardino County Fire Protection District (the parent district) is the administrative arm of County Fire and provides for overall administration and it will receive the obligations for provision of regional type services, such as hazardous materials response, arson investigation, major disaster response, etc. The bulk of the service transition will go to County Fire's North Desert Service Zone, the boots on the ground entity, for ongoing day-to-day operations for fire protection, and emergency medical services. This is commensurate with the current contractual operations of the Hesperia FPD's with County Fire (first entered into in 2004). Conditions of approval have been included in the staff recommendation to designate the successor district and to assign the responsibilities.

In addition, the Hesperia FPD provides ambulance service within the City's boundaries. This service is identified as being authorized under what are commonly called the "201" provisions which grandfathered the ongoing ambulance services following enactment of the Emergency Medical Services statutes in 1980. While 201 rights have been perceived as a transitional state while public agencies (cities, fire districts, or other special districts providing fire service) negotiated agreements for service with the local EMS agency, there was no timeline or requirement for completion of the negotiations.

For Hesperia FPD, the 201 rights continue to present day, and will be transferred as a part of the reorganization proposal.

The issues on transfer were reviewed with representatives of County Fire, ICEMA (the local administrative arm for the EMS statutes), the County Administrative Office and Hesperia FPD. In response, correspondence from the County Administrative Office and ICEMA has been received outlining support for the transfer and noting no concern with implementation (copies included as Appendix I and J of the Plan for Service). A condition of approval has been included in staff's recommendation to address this transfer.

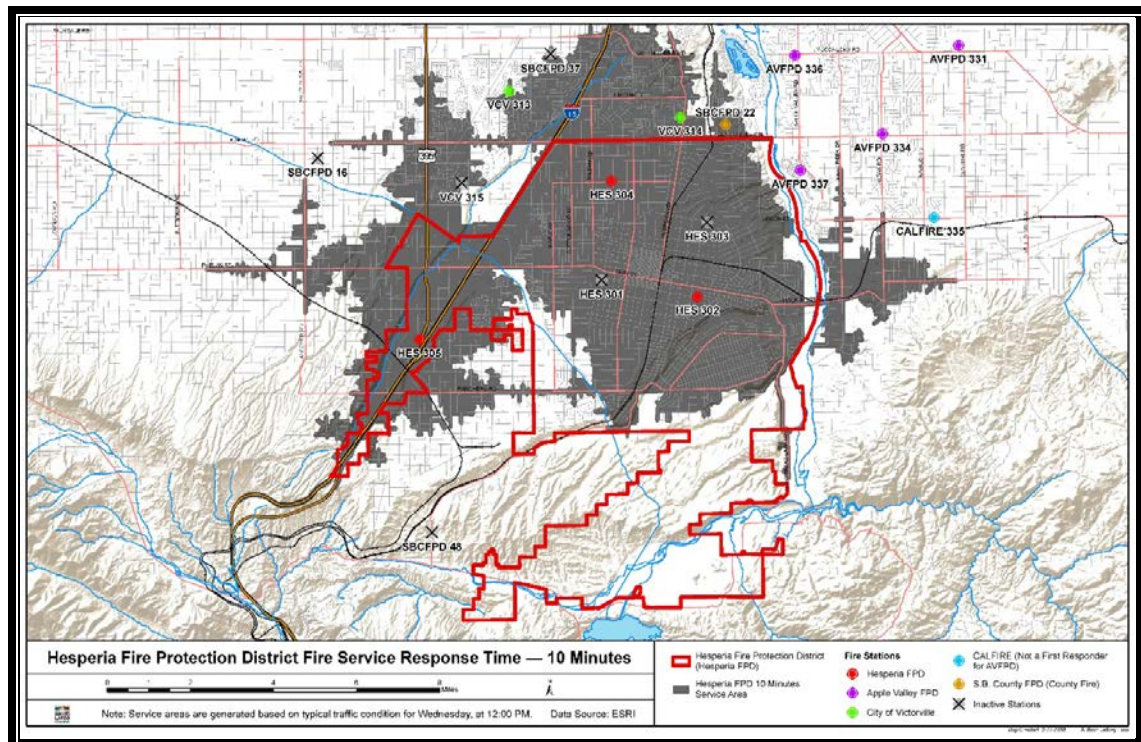
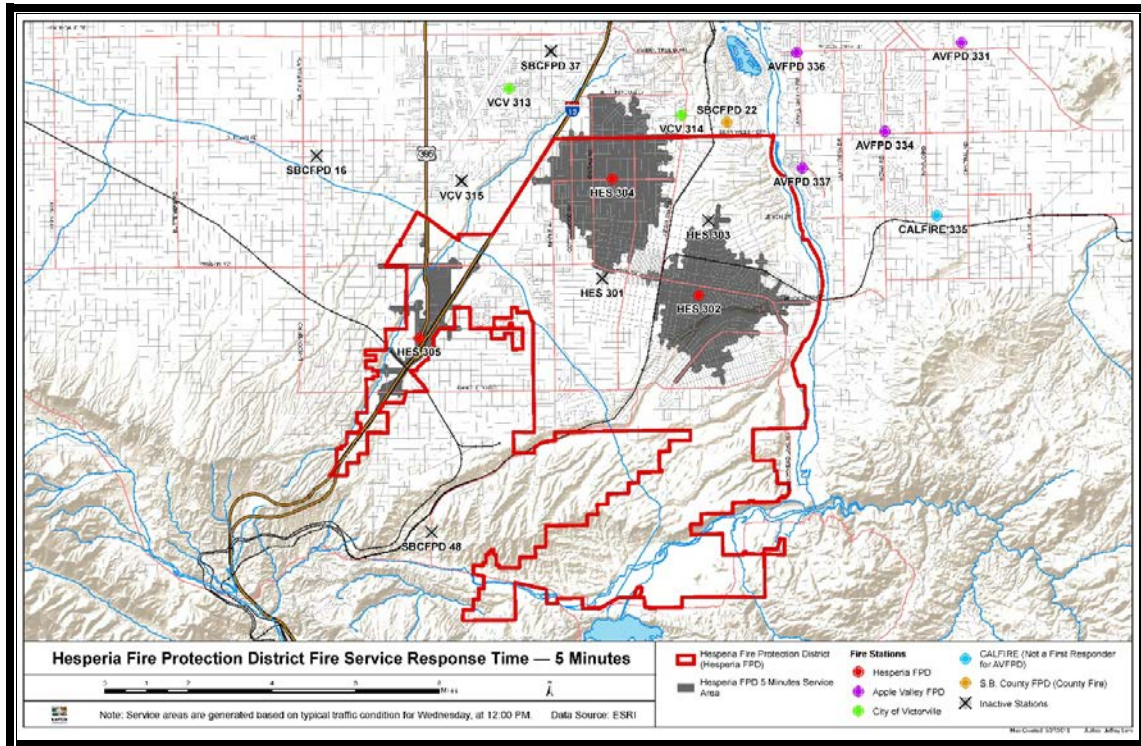
The chart shown below (included as a part of Attachment #2) identifies the call types for the preceding five full years, establishing FY 2011-12 as the base. This information shows that the primary response for service is related to medical, followed by traffic collision, representing 84% of all calls.

HFPD Annual 5 Year Call Distribution FY 2011/2012 --> FY 2016/2017							
	11/12	12/13	13/14	14/15	15/16	16/17	Yearly Average
Admin Call / Referral	30	20	19	30	45	69	35.5
Aircraft Incident	3	3	4	0	0	4	2.3
Alarms / Investigations	926	894	873	1036	918	854	916.8
Cover Assignment / Move Up	6	14	55	68	85	71	49.8
Fire - Other Type	128	124	116	150	142	150	135.0
Hardardous Condition	0	87	0	0	0	0	14.5
Hazardous Condition	85	4	98	106	151	166	101.7
Hazardous Materials Incident	21	25	17	41	35	25	27.3
MCI	0	4	3	0	6	5	3.0
Medical	7785	8000	8327	9168	9051	9287	8603.0
Public Service	185	174	237	185	218	155	192.3
Railcar Incident	1	3	0	6	0	3	2.2
Rescue	11	11	8	15	19	22	14.3
Structure Fire	140	109	124	114	114	121	120.3
Traffic Collision	956	865	881	963	1225	1239	1021.5
Vegetation Fire	223	112	92	75	67	97	111.0
Vehicle Fire	116	101	100	100	104	125	107.7
Annual Total	10616	10550	10954	12057	12180	12393	11458.3
Annual Percentage Growth		-0.62%	3.83%	10.07%	1.02%	1.75%	
5 Year Percentage Growth							14.34%

According to the HFPD's Plan for Service, County Fire's goal is to meet the National Fire Protection Association (NFPA) 1710 recommendations for the arrival of the first unit in five minutes and the first alarm in eight minutes. However, these response times are only met in some urban areas. Ninety percent of County Fire's calls are processed and dispatched in less than 2 minutes and 18 seconds.

Due to improvements in call processing time and the utilization of County Fire Station 22 (which would cover a portion of northeast Hesperia), response times are expected to be equal to current levels. The significance of this is to allow the Commission the ability to make the determination that approval of LAFCO 3218 as presented will maintain existing service levels at a minimum and dispel the rumor that the annexation has the

potential for an increased level of service. The maps which follow illustrate the drive time analysis conducted by LAFCO staff using typical traffic conditions on a Wednesday at noon driving a rescue truck to meet the five minute response and a ten minute response times.



Transfer of Facilities

The Plan for Service identifies that the Hesperia Fire Protection District will transfer five fire stations, its fire and ambulance vehicles, and all appurtenant equipment in those facilities to the North Desert Service Zone. The table, below, is an excerpt from Table 4 on page 17 of the Plan for Service.

TABLE 4					
TRANSFERRED BUILDINGS AND FACILITIES					
Closed- buildings demolished	Station Designator Station 301	Street Address 9430 11 th Ave	APN Number 0409-032-23-0000	APN Number 0409-032-24-0000	APN Number 0409-032-25-0000
	Station 302	17288 Olive St	0410-182-28-0000		
Household Hazardous Waste Facility	Station 303	17443 Lemon St	0410-021-42-0000		
	Station 304	15660 Eucalyptus St	0406-072-24-0000		
	Station 305	8331 Caliente Rd	3039-351-09-0000		

Preliminary Title Reports are included in Appendices G – K of the Plan for Service

Station 301, as noted below, has been demolished but the affected parcels are transferring to the North Desert Service Zone of County Fire. There is an existing license with MetroPCS for siting of a telecommunication tower on the parcels associated with Station 301. This license will transfer to County Fire and the terms of the license (included as Appendix E of the Plan for Service) will remain unchanged.

Station 305 is jointly used by County Fire and Hesperia FPD through a lease agreement entered in August 2007 for 25 years. Construction of Station 305 was completed in 2010. According to the terms of the lease, County Fire made a contribution of \$3,500,000 toward the construction of Station 305, and closed its Station 40 transferring its operations to 305. The Hesperia FPD has budgeted the use of approximately \$150,000 per year with a balance shown in the Fiscal Year 2016-17 audit of \$2,520,000. These funds will be returned as a part of the fund balance transfer for operations and the lease will terminate due to the transfer of ownership of the station.

The daily staffing is proposed by the Plan for Service to include:

Station 301 REMAINS CLOSED
 (Property transfers / untenable buildings undergoing demolition;
 Demolition of the Fire Station Building and the Apparatus Bay Butler
 Building were accomplished by the City of Hesperia.)

Station 302 Paramedic Engine and two Paramedic Ambulances
 Captain, Engineer, Firefight/Paramedic plus Ambulance Operator/

Paramedic, Ambulance Operator/EMT and Ambulance Operator/
Paramedic, Ambulance Operator/EMT

Station 303 – Household Hazardous Waste Facility
Two HHW Technicians
Tuesdays and Thursdays, 9:00am – 1:00pm;
Saturdays, 9:00am – 3:00pm

Station 304 Paramedic Ladder Truck and two Paramedic Ambulances
Captain, Engineer, Firefight/Paramedic plus Ambulance Operator/
Paramedic, Ambulance Operator/EMT and Ambulance Operator/
Paramedic, Ambulance Operator/EMT

Station 305 Joint Use Facility – County Fire and Hesperia FPD
Paramedic Engine and Paramedic Ambulance – Joint Use Facility with
Hesperia FPD and County Fire occupying currently
Captain (County paid), Engineer, Firefight/Paramedic (County paid) plus
Ambulance Operator/Paramedic, Ambulance Operator/EMT

Table 5 of the Plan for Services identifies the vehicles to be transferred to the North Desert Service Zone of County Fire for operations.

Hesperia FPD has been operated under contract with County Fire since 2004 at which time all active Hesperia FPD employees transferred to County Fire. Therefore, there are no staffing transfer issues to be addressed in this reorganization. The discussion of residual CalPERS retirement costs are outlined in the Financial Effects portion of this report.

In order to address the transfers of equipment and facilities, staff proposes the following conditions of approval:

- *Upon the effective date of the Reorganization, the Hesperia Fire Protection District's functions (hereinafter "District", "HFPD", or "Hesperia FPD") will transfer to the San Bernardino County Fire Protection District (hereafter "County Fire" or "SBCFPD") North Desert Service Zone, as the successor district (hereinafter "Successor District") to the fire, emergency medical response and ambulance obligations of Hesperia Fire Protection District through divestiture of these functions. The Successor District shall succeed to and/or be assigned all rights, duties, responsibilities, properties (both real and personal except as further described in conditions below), contracts, equipment, assets, liabilities (excluding California Public Employees Retirement Fund as detailed in condition "e" below), obligations, functions, executory provisions, entitlements, permits and approvals of the Hesperia Fire Protection District. All property tax revenues attributable to the Hesperia Fire Protection District transferred to County Fire, its North Desert Service Zone and/or City of Hesperia prior to calculations required by Section 96.1 and all*

other collections or assets of the Hesperia Fire Protection District shall accrue and be transferred pursuant to Government Code Section 56886(l). Said Successor District shall be subject to the terms and conditions contained herein;

- *Upon the effective date of the Reorganization, the Successor District shall accept all facilities transferred from the Hesperia Fire Protection District in “as is” condition [pursuant to Government Code Section 56886(h)] as outlined in the updated Plan for Service, attached hereto as Exhibit “C”. All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.) rolling stock, tools, office furniture, fixtures and equipment, lands, buildings, real and personal property and appurtenances held by the Hesperia Fire Protection District shall be transferred to the Successor District, the North Desert Service Zone of SBCFPD. All quitclaim deeds to effectuate the transfer of land and/or buildings and the title transfer documents for vehicles shall be prepared by the Hesperia Fire Protection District to be filed upon the effective date of the change with copies provided to LAFCO;*

Weed Abatement:

Page 7 of the Plan for Services outlines the provision of vegetation risk assessment to continue to be performed by County Fire following the reorganization. These services are currently performed under the existing Hesperia FPD contract through a Memorandum of Understanding entered into in May 2005 between the County of San Bernardino Land Use Services Department performing the Fire Hazard Abatement Program and the San Bernardino County Fire Department for territory within the City of Hesperia. LAFCO staff expressed its concern that such an arrangement would need to be clarified following annexation to which County Fire outlined its position that the MOU would continue unabated. In order to make sure that this service continues in the same manner as currently provided, LAFCO staff is proposing the following condition of approval:

- *Upon the effective date of the reorganization, the City of Hesperia/Hesperia Fire Protection District shall adopt the existing County Fire Ordinances and Fee Schedules and acknowledge the continuance of the Memorandum of Understanding between the County of San Bernardino Land Use Services Department and San Bernardino County Fire Department for Fire Hazard Abatement within the boundaries of the City of Hesperia.*

Financial Effects

For the past three years, County Fire, the County Administrative Office, Hesperia Fire Protection District and the City of Hesperia staffs have worked to prepare and submit an application to permanently transfer fire operations to County Fire and its North Desert

Service Zone. This effort was originally initiated in 2015, but due to concerns regarding unfunded retirement obligations, the application was withdrawn to allow for a retooling of the proposal. In November 2016, the Hesperia Fire Protection District initiated the current reorganization proposal followed by County Fire's initiation in April 2017.

Over the last 18 months, LAFCO staff and representatives of County Fire, City of Hesperia and the County Administrative Office have worked to resolve a myriad of issues. The balance of this section addresses the many nuanced issues for ongoing financing of services following the transition from a subsidiary district of the City of Hesperia to the board-governed County Fire. This required a unique approach to the reorganization: (1) an annexation to County Fire and its North Desert Service Zone to provide the range of services; and, (2) a divestiture of those functions from the Hesperia Fire Protection District but maintaining the agency as a vessel to maintain the inactive CalPERS contract. Because the District preceded the formation of the City, the District had its own safety contract with CalPERS. Maintaining HFPD as a vehicle to maintain the inactive CalPERS contract avoids a requirement to pay the unfunded balance over a ten-year period – estimated to be approximately \$50,000,000.

It is important to understand the financial position of the Hesperia Fire Protection District which resulted in the desire to transfer its fire protection, emergency medical response and ambulance authorities to County Fire and its North Desert Service zone. Staff requested historical information on the revenues and expenditures for the five years preceding the submission of their application (Appendix D of the Plan for Service was the City's response). However, it was desired that the information reflect the data from the accepted independent audits for Hesperia Fire; therefore, LAFCO staff has prepared the following chart presenting that information:

AGENDA ITEM #14 - LAFCO 3218 – HESPERIA
FPD/COUNTY FIRE REORGANIZATION
MAY 9, 2018

FISCAL YEAR 2011-12 THROUGH FISCAL YEAR 2017-18 AUDITS FOR FY 2011-12 THROUGH FY2016-17; ESTIMATED YEAR END FOR FY 2017-18							
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
FIRE OPERATIONS							
REVENUES							
Property Taxes	\$ 5,830,109	\$ 5,813,629	\$ 6,810,752	\$ 6,194,263	\$ 6,583,174	\$ 7,038,738	
Income from money and Property	\$ 55,479	\$ 57,948	\$ 60,136	\$ 48,633	\$ 48,464	\$ 46,740	
Charges for Services	\$ 2,694,405	\$ 2,554,624	\$ 2,948,586	\$ 3,396,024	\$ 3,152,452	\$ 3,050,502	
Grants		\$ 21,541	\$ 584,151	\$ 718,125	\$ 29,023	\$ 29,964	
Other			\$ 166	\$ 1,422	\$ 17,800		
TOTAL REVENUES	\$ 8,579,993	\$ 8,447,742	\$ 10,403,791	\$ 10,358,467	\$ 9,830,913	\$ 10,165,944	
EXPENSES							
Public Safety Fire (Contract)	\$ 8,905,831	\$ 8,477,694	\$ 10,302,174	\$ 10,979,941	\$ 10,111,830	\$ 10,462,703	
Capital Outlay		\$ 34,069	\$ 62,551	\$ 248,935	\$ 7,763		
HFPD CalPers Payment							
TOTAL EXPENDITURES	\$ 8,905,831	\$ 8,511,763	\$ 10,364,725	\$ 11,228,876	\$ 10,119,593	\$ 10,462,703	
Excess(Deficiency) of revenues over/(under) expenses	\$ (325,838)	\$ (64,021)	\$ 39,066	\$ (870,409)	\$ (288,680)	\$ (296,759)	
Fund Balance at Beginning of Year	\$ 1,707,595	\$ 1,381,757	\$ 1,317,736	\$ 1,356,802	\$ 486,393	\$ 197,713	
Fund Balance at End of Year	\$ 1,381,757	\$ 1,317,736	\$ 1,356,802	\$ 486,393	\$ 197,713	\$ (99,046)	
CAPITAL FUND							
REVENUES							
Taxes	\$ 211,304	\$ 494,519	\$ 560,709	\$ 625,061	\$ 726,831	\$ 803,524	
Use of Money and Property	\$ 8,995	\$ 11,376	\$ 10,813	\$ 12,281	\$ 19,007	\$ 29,541	
Extraordinary Gain (Dissolution of Redevelopment Agency	\$ 3,742,635	\$ -					
TOTAL REVENUES	\$ 3,962,934	\$ 505,895	\$ 571,522	\$ 637,342	\$ 745,838	\$ 833,065	
EXPENDITURES							
CAPITAL OUTLAY							
Vehicles		\$ -	\$ -	\$ 164,114	\$ 544,643	\$ 197,210	
Machinery and Equipment				\$ -		\$ 286,327	
Infrastructure				\$ 69,059		\$ 184,322	
Public Safety-Fire					\$ 343		
TOTAL EXPENDITURES				\$ 233,173	\$ 544,986	\$ 667,859	
Excess(Deficiency) of revenues over/(under) expenses	\$ 3,962,934	\$ 505,895	\$ 571,522	\$ 404,169	\$ 200,852	\$ 165,206	
Fund Balance at Beginning of Year	\$ -	\$ 3,962,934	\$ 4,468,829	\$ 5,040,351	\$ 5,444,520	\$ 5,645,372	
Fund Balance at End of Year	\$ 3,962,934	\$ 4,468,829	\$ 5,040,351	\$ 5,444,520	\$ 5,645,372	\$ 5,810,578	

The audit information clearly shows the fire operations and the capital fund, not the typical information received by the Commission. The capital fund is required by the negotiated pass-through agreements signed by the Hesperia Redevelopment Agency with the Hesperia Fire Protection District in 1993, which specifies that a portion of the pass-through proceeds be held for capital improvements and equipment (a copy is included in Attachment #5 to the staff report outlining the property tax transfer approvals). Hesperia FPD has fulfilled this obligation but, as is shown in the table above, to the detriment of its ability to fund fire operations. Of concern as the Commission reviews the forecasting is that the current level of service provision by the

Hesperia Fire Protection District has operated at a deficit for the last five out of six years.

The materials submitted and certified by County Fire, as the amended Plan for Service and Fiscal Impact Analysis (hereafter shown as “FIA”), identify that the reorganization will provide for the continuation of service at current contract levels. These documents have also been reviewed and approved by the City of Hesperia. It is the position of the applicants that the transition of service is financially sustainable. The FIA is shown below and included as a part of Attachment #2 to this report:

**AGENDA ITEM #14 - LAFCO 3218 – HESPERIA
FPD/COUNTY FIRE REORGANIZATION
MAY 9, 2018**

1/19/2018 REVISED Hesperia Fire Protection District Five Year Financial Analysis		Positions	2016/2017 Current Contract	Cost Per Position Forecast FY 2017/18	FY 2017/2018 Forecast	FY 2018/2019 Forecast	FY 2019/2020 Forecast	FY 2020/2021 Forecast	FY 2021/2022 Forecast	FY 2022/2023 Forecast
Expenditures:										
<i>Inflation Rate</i>						3.0%	3.0%	3.0%	3.0%	3.0%
Staffing										
Station 302 (ME and 2 MA's)										
Captain	3.00	647,355	214,295	642,885	662,172	682,037	702,498	723,573	745,280	
Engineer	3.00	564,054	182,770	548,310	564,759	581,702	599,153	617,128	635,642	
Firefighter / Paramedic	3.00	455,664	150,789	452,367	465,938	479,916	494,314	509,143	524,417	
Ambulance Operator / Paramedic	6.00	409,290	72,678	436,068	449,150	462,625	476,503	490,798	505,522	
Ambulance Operator / EMT	6.00	346,974	59,814	358,884	369,651	380,740	392,162	403,927	416,045	
Station 304 (MT and 2 MA's)										
Captain	3.00	647,355	214,295	642,885	662,172	682,037	702,498	723,573	745,280	
Engineer	3.00	564,054	182,770	548,310	564,759	581,702	599,153	617,128	635,642	
Firefighter / Paramedic	3.00	455,664	150,789	452,367	465,938	479,916	494,314	509,143	524,417	
Ambulance Operator / Paramedic	6.00	204,645	72,678	436,068	449,150	462,625	476,503	490,798	505,522	
Ambulance Operator / EMT	6.00	173,487	59,814	358,884	369,651	380,740	392,162	403,927	416,045	
Station 305 (ME and 1 MA) (Cost share with County)										
Engineer	3.00	564,054	182,770	548,310	564,759	581,702	599,153	617,128	635,642	
Ambulance Operator / Paramedic	3.00	409,290	72,678	218,034	224,575	231,312	238,252	245,399	252,761	
Ambulance Operator / EMT	3.00	346,974	59,814	179,442	184,825	190,370	196,081	201,964	208,022	
Administration and Chief Officers										
Assistant Chief (Cost spread through the Division)	0.45	131,295	315,721	142,832	147,117	151,531	156,077	160,759	165,582	
Battalion Chief (Cost spread through the Division)	1.36	303,386	225,357	305,855	315,030	324,481	334,215	344,242	354,569	
Collection Officer (Ambulance Billing)	2.00	133,248	73,135	146,270	150,658	155,178	159,833	164,628	169,567	
PSE (Ambulance Billing)	1.00	19,080	25,033	25,033	25,784	26,558	27,354	28,175	29,020	
Fire Prevention										
Fire Prevention Supervisor	0.50	116,840	170,884	85,442	88,005	90,646	93,365	96,166	99,051	
Fire Prevention Officer / Arson	0.50	88,337	219,586	109,793	113,087	116,479	119,974	123,573	127,280	
Fire Prevention Specialist	0.50	55,029	140,572	70,286	72,395	74,566	76,803	79,108	81,481	
Fire Prevention Officer	0.50	51,879	129,351	64,675	66,616	68,614	70,673	72,793	74,977	
Front Counter Technician	0.50	32,750	81,411	40,706	41,927	43,185	44,480	45,815	47,189	
Office Assistant III	0.50	23,217	57,714	28,857	29,723	30,614	31,533	32,479	33,453	
TOTAL STAFFING	58.81	6,743,921		6,842,563	7,047,840	7,259,275	7,477,053	7,701,365	7,932,406	
<i>Inflation Rate</i>						2.0%	2.0%	3.0%	3.0%	3.0%
Administration Services and Supplies										
Dispatch (CONFIRE)				385,639	393,352	405,152	417,307	429,826	442,721	
MIS (CONFIRE)				158,927	162,106	166,969	171,978	177,137	182,451	
800 Radio / Paging / Maintenance				31,345	31,972	32,931	33,919	34,937	35,985	
County Overhead / HR / Payroll / ATC				768,060	783,421	806,524	831,132	856,065	881,747	
Equipment				94,923	86,621	89,220	91,897	94,654	97,493	
Professional Services				185,250	188,955	194,624	200,462	206,476	212,671	
Office Expenses				11,594	11,826	12,181	12,546	12,922	13,310	
Maintenance				92,857	94,714	97,556	100,482	103,497	106,602	
Miscellaneous				117,209	119,553	123,140	126,834	130,639	134,558	
Insurance				276,373	281,900	290,357	299,068	308,040	317,281	
MIS Equipment Replacement				34,884	35,582	36,649	37,749	38,881	40,047	
Total		1,431,653		2,147,061	2,190,002	2,255,702	2,323,373	2,393,075	2,464,867	
Station Expenses										
Vehicle Maintenance/Fuel				425,658	434,171	447,196	460,612	474,431	488,663	
Utilities				107,892	110,050	113,351	116,752	120,254	123,862	
General Maintenance				42,479	43,329	44,628	45,967	47,346	48,767	
Medical Supplies				235,300	240,006	247,206	254,622	262,261	270,129	
Clothing				13,500	13,770	14,183	14,609	15,047	15,498	
Total		1,012,389		824,829	841,326	866,565	892,562	919,339	946,919	
Prevention Services and supplies										
MIS (CONFIRE)				17,490	17,840	18,375	18,927	19,494	20,079	
800 Radio / Paging / Maintenance				1,381	1,409	1,451	1,495	1,540	1,586	
Equipment				2,713	2,767	2,850	2,935	3,023	3,114	
Professional Services				15,629	15,941	16,420	16,912	17,420	17,942	
Office Expenses				7,415	7,563	7,790	8,024	8,265	8,513	
County Overhead / HR / Payroll / ATC				17,610	17,962	18,501	19,056	19,627	20,216	
Miscellaneous				4,176	4,258	4,387	4,518	4,654	4,794	
Insurance				7,246	7,391	7,612	7,841	8,075	8,317	
Vehicle Maintenance/Fuel				6,163	6,287	6,475	6,669	6,870	7,076	
Total		48,176		79,822	81,418	83,861	86,377	88,968	91,637	
Household Hazardous Waste Collection		6,010		5,118	5,220	5,377	5,538	5,704	5,876	
Administration and Overhead Costs		566,837		631,470	644,099	663,422	683,325	703,825	724,940	
TOTAL SERVICES AND SUPPLIES		3,065,065		3,688,300	3,762,066	3,874,928	3,991,176	4,110,911	4,234,238	
Total Staffing and Services / Supplies (County Fire Contract)		9,808,986		10,530,864	10,809,906	11,134,204	11,468,230	11,812,276	12,166,644	
Other Costs										
Household Hazardous Waste Contract		152,686		157,267	161,985	166,844	171,849	177,005	182,315	
Other Administration Costs		94,243		57,766	0	0	0	0	0	
Capital Expenses (Vehicles and Buildings)		344,000		0	180,000	183,600	187,272	191,017	194,838	
Sub-total Other Costs		590,929		215,033	341,985	350,444	359,121	368,022	377,153	
HFPD CalPERS		377,601		675,542	0	0	0	0	0	
Total Other Costs		968,530		890,575	341,985	350,444	359,121	368,022	377,153	
TOTAL EXPENDITURES		10,777,516		11,421,439	11,151,891	11,484,648	11,827,351	12,180,298	12,543,797	
Revenue:										
Property Tax Revenue	4,208,332			4,491,739	4,209,245	4,261,901	4,349,652	4,468,920	4,592,348	
Property Tax RDA Pass Through (Operations Fund 200)	1,708,007			1,869,469	1,766,648	1,854,981	1,947,730	2,045,116	2,147,372	
Property Tax RDA Pass Through (Capital Fund 502)	767,365			850,658	803,872	844,065	886,269	930,582	977,111	
Property Tax WVEDA Pass Through	154,053			161,763	152,866	160,509	168,535	176,962	185,810	
Sub-total Property Taxes	6,837,757			7,373,629	6,932,631	7,121,457	7,352,185	7,621,580	7,902,641	
Sub-total Property Taxes to FPD 1000 Admin (6%)	410,265			442,418	415,958	427,287	441,131	457,295	474,158	
Sub-total Property Taxes to FPD 1000 Operations (94%)	6,427,492			6,931,211	6,516,674	6,694,169	6,911,054	7,164,285	7,428,482	
Special Asmt. CFD 94 01	596,836			621,896	634,314	647,021	659,961	673,160	686,623	
Special Asmt. CFD 2005-1	222,793			227,249	231,794	236,430	241,158	245,982	250,901	
Use of Money and Property	63,579			93,904	53,326	53,326	53,326	53,326	53,327	
Charges for Service	3,383,523			3,252,752	3,317,807	3,384,163	3,451,846	3,520,883	3,591,301	
Grants	0			0	0	0	0	0	0	
Household Hazardous Waste	152,686			157,267	161,985	166,844	171,849	177,005	182,315	
Other revenue	4,216			2,200	80,906	80,906	37,936	37,936	37,936	
TOTAL DISTRICT REVENUE	11,261,490		0	11,728,897	11,412,783	11,690,146	11,968,262	12,329,872	12,705,045	
Revenue Over (Under) Expenditures	483,974			307,458	260,892	205,499	140,911	149,574	161,248	
Fund Balance										
Beginning Fund Balance/Reserves	5,156,622			4,293,324	4,600,782	4,111,675	4,317,174	4,458,085	4,607,659	
Revenue Over (Under) Expenditures	(863,298)			307,458	260,892	205,499	140,911	149,574	161,248	
One-Time Payment to HFPD	0			0	(750,000)	0	0	0	0	
TOTAL Ending Balance of Reserves	4,293,324			4,600,782	4,111,675	4,317,174	4,458,085	4,607,659	4,768,907	

This material and the proposal itself present several nuances requiring more detailed evaluation of both revenues and expenditures.

First, LAFCO 3218 is unique in that it proposes to transfer the services from one fire protection district to another, but in a very distinctive twist, the predecessor district will remain to secure the inactive contract with CalPERS for the former Hesperia FPD employees. Since the agency will not be dissolved, its redevelopment pass-through contract cannot be transferred, and the Auditor-Controller questioned the ability to provide this funding to the successor district. After much review, it was determined that a contract would be required as a condition of approval by LAFCO to assure that the funding continues to go to the provider of the service, County Fire and its North Desert Service Zone. To effectuate this agreement, the following condition has been included:

- *Prior to the issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District, County of San Bernardino, and San Bernardino County Fire Protection District enter into a contract which directs the Auditor-Controller/Treasurer/Tax Collector for San Bernardino County to direct the pass-through funds attributable to the Hesperia Fire Protection District from all redevelopment activities within its boundaries be transferred to the North Desert Service Zone of SBCFPD, Successor District, to fund the provision of fire protection, emergency medical response and ambulance services. This contract shall be perpetual and address the needs for allocation of funds should the State of California make changes to this revenue stream legislatively. This amount is in addition to the amounts determined pursuant to the provisions of Revenue and Taxation Code Section 99 for LAFCO 3218;*

As a part of the required property tax negotiation process, such a contract has been entered into by the County, County Fire, the City of Hesperia and the Hesperia Fire Protection District recognizing the obligations for the contractual distribution of pass-through funds based upon the 1993 agreements. These agreements also include the proviso that if such contract is deemed unenforceable at some point in the future, there will be a method to continue the distribution of general ad valorem share property tax revenue as well as redevelopment pass through to fund the services through County Fire and the North Desert Service Zone. Staff anticipates at this time that these contracts will fulfill the requirement of the condition.

In addition, the Plan for Service FIA consolidates these revenues streams into one for operation of the fire protection, emergency medical response and ambulance services under the auspices of County Fire. This proposes to free up the pre-paid lease funds (provided by County Fire for use of Station 305) and the reserve funds to help pay for the fire operations which have historically operated at a deficit. However, the Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds

entered into on December 29, 1993 specifies in Covenant 5 that 50% of the pass-through funds are to be allocated for the provision of capital improvements.

This is the reason for the segregation of revenues in chart showing historic revenues and expenditures. County Fire has identified in the letter dated May 3, 2018, included as Attachment #6, that it provides for capital reserves on a regional service zone basis as a part of its administrative charges and will provide for the provision of capital facilities, vehicles, and furnishings on that basis in compliance with the tenets of the 1993 agreements. Therefore, the fund balance and future pass-through revenues will be used to address ongoing service delivery needs as shown in the FIA.

The FIA data which follows has been revised by LAFCO staff to reflect fund balances from the Hesperia Fire Protection District Audit for Fiscal Year 2016-17.

Revenues:

4/24/18 REVISED BY LAFCO STAFF Hesperia Fire Protection District Five Year Financial Analysis		Positions	Audit for Fiscal Year 2016-17	Cost Per Position Forecast FY 2017/18	FY 2017/2018 Contract	FY 2018/2019 Forecast	FY 2019/2020 Forecast	FY 2020/2021 Forecast	FY 2021/2022 Forecast	FY 2022/2023 Forecast
Revenue:										
Property Tax Revenue					4,491,739	4,209,245	4,261,901	4,349,652	4,468,920	4,592,348
Property Tax-RDA Pass Through (Operations Fund 200)					1,869,469	1,766,648	1,854,981	1,947,730	2,045,116	2,147,372
Property Tax-RDA Pass Through (Capital Fund 502)	803,524				850,658	803,872	844,065	886,269	930,582	977,111
Property Tax-VVEDA Pass Through					161,763	152,866	160,509	168,535	176,962	185,810
Sub-total Property Taxes			7,038,738		7,373,629	6,932,631	7,121,457	7,352,185	7,621,580	7,902,641
Sub-total Property Taxes to FPD 1000 Admin (6%)					442,418	415,958	427,287	441,131	457,295	474,158
Sub-total Property Taxes to FNZ 1000 Operations (94%)					6,931,211	6,516,674	6,694,169	6,911,054	7,164,285	7,428,482
Special Assmt-CFD 94-01					621,896	634,334	647,021	659,961	673,160	686,623
Special Assmt-CFD 2005-1					227,249	231,794	236,430	241,158	245,982	250,901
Use of Money and Property	76,281				93,904	53,326	53,326	53,326	53,326	53,327
Charges for Service	3,050,502				3,252,752	3,317,807	3,384,163	3,451,846	3,520,883	3,591,301
Grants	29,964				0	0	0	0	0	0
Household Hazardous Waste					157,267	161,985	166,844	171,849	177,005	182,315
Other revenue					2,200	80,906	80,906	37,936	37,936	37,936
TOTAL DISTRICT REVENUE			10,999,009	0	11,728,897	11,412,783	11,690,146	11,968,262	12,329,872	12,705,045
Revenue Over (Under) Expenditures			-131,553		307,458	260,892	205,499	140,911	149,574	161,248
Fund Balance										
Beginning Fund Balance/Reserves			5,645,372		5,513,819	5,821,277	5,332,170	5,537,669	5,678,580	5,828,154
Revenue Over (Under) Expenditures			(131,553)		307,458	260,892	205,499	140,911	149,574	161,248
One-Time Payment to HFPD						(750,000)	0	0	0	0
TOTAL Ending Balance of Reserves			5,513,819		5,821,277	5,332,170	5,537,669	5,678,580	5,828,154	5,989,402

For all proposals for change of organization, the State's Revenue and Taxation Code 99 requires that a property tax resolution redistributing the share of general ad valorem taxes be adopted. Completion of this requirement is mandatory before a Certificate of Filing can be issued by LAFCO signaling that the proposal is ready for consideration at a public hearing. As eluded to above, much discussion, review, and legal counsel advice was necessary to address the transfer of property tax revenues for LAFCO 3218 due to its unique and nuanced changes. The unique issues are:

- The Hesperia FPD is not being dissolved, but its obligations and operations are being removed as a part of the divestiture change. However, the Hesperia FPD will retain the unfunded CalPERS obligations under contract initially entered into between the Hesperia Fire Protection District and the Board of Administration for

the California Public Employees Retirement System effective July 2, 1979 and amended thereafter.

- As a part of the first year financing, the FIA projects that the City of Hesperia will retain \$750,000 from the Capital Fund balance to hold for use in providing for payment of legacy retirement obligations. This is roughly the equivalent of one year's redevelopment pass through property tax receipts.
- The County of San Bernardino and the City of Hesperia have negotiated a transfer that provides for redistribution of the existing ad valorem share of the Hesperia FPD going to County Fire, its North Desert Service Zone (\$6,932,631 in FY 2018-19) and to the City of Hesperia (\$675,542 in FY 2018-19) with no share retained for its obligation for CalPERS obligations for unfunded retirement obligations. A copy of the action of both the City and County approving this redistribution is included as Attachment #5 to this report.
- The City of Hesperia has indicated in the Plan for Service that it will assume the obligation for guarantee of the ongoing CalPERS unfunded retirement liability payments of the Hesperia FPD. LAFCO staff has proposed a condition to certify to this action.

In order to assure the assumption of these obligations, the following condition of approval is proposed:

- *Upon the effective date of the Reorganization, the Hesperia Fire Protection District shall retain the obligations for CalPERS retirement obligations attributed to the District's CalPERS plan, or other contractual obligations related to retirement approved by the District for all suppression, prevention and administrative District employees. However, pursuant to adoption of Board of Supervisors Resolution No. 2018-24 and City of Hesperia/Hesperia Fire Protection District Joint Resolution No. 2018-20, no property tax revenues will accrue to the Hesperia Fire Protection District upon completion of LAFCO 3218. Therefore, prior to issuance of the Certificate of Completion for LAFCO 3218, the Hesperia Fire Protection District shall provide a signed agreement between Hesperia Fire Protection District and the City of Hesperia to the Local Agency Formation Commission for review and approval by its Executive Officer. Such agreement shall provide for the City's assumption of liability for the CalPERS obligations of the Hesperia Fire Protection District, including, but not limited to, timely payment of annual employer contributions to CalPERS required of the Hesperia Fire Protection District and any withdrawal liability assessed as a result of the voluntary or involuntary termination of the District's CalPERS contract for pensions. In addition, such agreement shall provide for the establishment of an Section 115 irrevocable trust for the benefit of the Hesperia Fire Protection District pursuant to which contributions equal to the annual employer contribution to CalPERS required of the District for both its safety and miscellaneous plans are made by the City before the beginning of the fiscal*

year in which the contributions will be due. The source of such contributions shall be funds derived from the transfer of property tax share to the City of Hesperia as a function of LAFCO 3218. Any remaining CalPERS obligations of the District not covered from assets in the Section 115 irrevocable trust shall be paid by the City of Hesperia pursuant the terms of the contractual agreement. Prior to the issuance of a Certificate of Completion for LAFCO 3218, a copy of the signed agreement between the Hesperia Fire Protection District and the City of Hesperia, as approved by the Executive Officer, shall be provided to the Local Agency Formation Commission;

On July 7, 1994 the Hesperia FPD Board of Directors adopted Resolution HFPD 94-14 forming Community Facilities District #94-01 originally for the area identified as Tentative Tract TT-14372. On August 18, 1994 the Board of Directors subsequently approved HFPD Resolution No. 94-15 which established an “annexation area” providing for the future expansion of the boundary of CFD #94-01. Documents from the City identify that the CFD was established to ensure adequate funding for future fire protection (included as a part of Attachment #8 to this report). The area included within the boundary of CFD #94-01, and the current annexation area within the western portion of the City, has been outlined in the Boundary discussion in this report. As a function of this reorganization, the administration of CFD #94-01 will transition to County Fire. Government Code Section 56886(u) specifically provides for such a transfer, but during the processing of the proposal it was the position of County Counsel that a contractual relationship was necessary since the Mello Roos District statute did not specifically authorize such a change for a special district. Therefore, LAFCO staff is proposing the following condition of approval to assure this assumption

- *Upon the effective date of the Reorganization, the Successor District shall accept the administration of Community Facilities District #94-01(hereafter CFD #94-01) from the Hesperia Fire Protection District. The special tax levy for this entity shall be applied pursuant to the terms as specified in Hesperia Fire Protection District Resolution No. 94-14. All cash on hand or fund balance in the accounts of CFD #94-01 within the Hesperia Fire Protection District upon the effective date of LAFCO 3218 shall transfer to the administration of this CFD under the Successor District. All delinquent taxes and any and all other collections or assets of CFD #94-01 that may accrue shall be transferred to the Successor District pursuant to Government Code Section 56886(i). The revenues to be received by the Successor District administering CFD #94-01 are impressed with the public trust, use or purpose as defined by Hesperia Fire Protection District Resolution No. 94-14 and all transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing CFD #94-01 by the Successor District.*

Prior to issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District

and San Bernardino County Fire Protection District enter into a contract which directs the transfer of authority for CFD #94-01 and the requirement for implementation of the terms of Hesperia Fire Protection District Resolution No. 94-14 and Resolution No. HFPD 2006-01 for the future as authorized by Government Code Section 56886(u);

In addition, the FIA outlines that the City's CFD 2005-1 (Belgate) was created as a refinancing mechanism for the CFD 93-1. A portion of the proceeds from this special tax provides for funding for fire operations (45% of the residual taxes after payment of bonds). As a function of the reorganization, it is intended that the share of the CFD special tax attributable to fire protection and emergency medical response will be forwarded to the successor district, the North Desert Service Zone. In order to ensure this occurs, the following condition is proposed.

- *Prior to issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District and San Bernardino County Fire Protection District enter into a contract which directs the portion of proceeds attributable to fire protection and emergency medical response services within City of Hesperia Resolution No. 2005-32 and Resolution No. 2005-33 for CFD 2005-1 shall transfer to the Successor District, North Desert Service Zone of San Bernardino County Fire Protection District in the same manner and in the same amounts as would have been transferred to the Hesperia Fire Protection District by the City of Hesperia's implementation of the covenants for CFD 2005-1. All delinquent taxes and any and all other collections or assets of CFD 2005-1 that may accrue for the provision of fire protection services shall be transferred to the Successor District pursuant to Government Code Section 56886(i). The revenues to be received by the Successor District on behalf of CFD 2005-1 are impressed with the public trust, use or purpose as defined by Hesperia Fire Protection District Resolution No. 2005-32 and 2005-33 and all transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing CFD 2005-1 by the City of Hesperia;*

Expenditures:

The Plan for Service and FIA outline the costs for maintaining the existing level of service, which includes the staffing at the three stations currently serving the community. Station 305 is a joint use station currently so the expenditures included in the FIA are only for the Hesperia FPD transfer portion. Since County Fire will be succeeding to the ambulance operations of the Hesperia FPD, it is using a model that provides for ambulance operator/paramedic and ambulance operator/EMT rather than the more typical engineer and firefighter/paramedic staffing pattern. This plan addresses the operational needs as approximately 75% of current call distribution is for medical response (this does not include traffic collision).

4/24/18 REVISED BY LAFCO STAFF Hesperia Fire Protection District Five Year Financial Analysis		Positions	Audit for Fiscal Year 2016-17	Cost Per Position Forecast FY 2017/18	FY 2017/2018 Contract	FY 2018/2019 Forecast	FY 2019/2020 Forecast	FY 2020/2021 Forecast	FY 2021/2022 Forecast	FY 2022/2023 Forecast
Expenditures:										
Inflation Rate						3.0%	3.0%	3.0%	3.0%	3.0%
Staffing										
Station 302 (ME and 2 MA's)										
Captain	3.00	214,295	642,885	662,172	682,037	702,498	723,573	745,280		
Engineer	3.00	182,770	548,310	564,759	581,702	599,153	617,128	635,642		
Firefighter / Paramedic	3.00	150,789	452,367	465,938	479,916	494,314	509,143	524,417		
Ambulance Operator / Paramedic	6.00	72,678	436,068	449,150	462,625	476,503	490,798	505,522		
Ambulance Operator / EMT	6.00	59,814	358,884	369,651	380,740	392,162	403,927	416,045		
Station 304 (MT and 2 MA's)										
Captain	3.00	214,295	642,885	662,172	682,037	702,498	723,573	745,280		
Engineer	3.00	182,770	548,310	564,759	581,702	599,153	617,128	635,642		
Firefighter / Paramedic	3.00	150,789	452,367	465,938	479,916	494,314	509,143	524,417		
Ambulance Operator / Paramedic	6.00	72,678	436,068	449,150	462,625	476,503	490,798	505,522		
Ambulance Operator / EMT	6.00	59,814	358,884	369,651	380,740	392,162	403,927	416,045		
Station 305 (ME and 1 MA) (Cost share with County)										
Engineer	3.00	182,770	548,310	564,759	581,702	599,153	617,128	635,642		
Ambulance Operator / Paramedic	3.00	72,678	218,034	224,575	231,312	238,252	245,399	252,761		
Ambulance Operator / EMT	3.00	59,814	179,442	184,825	190,370	196,081	201,964	208,022		
Administration and Chief Officers										
Assistant Chief (Cost spread through the Division)	0.45	315,721	142,832	147,117	151,531	156,077	160,759	165,582		
Battalion Chief (Cost spread through the Division)	1.36	225,357	305,855	315,030	324,481	334,215	344,242	354,569		
Collection Officer (Ambulance Billing)	2.00	73,135	146,270	150,658	155,178	159,833	164,628	169,567		
PSE (Ambulance Billing)	1.00	25,033	25,033	25,784	26,558	27,354	28,175	29,020		
Fire Prevention										
Fire Prevention Supervisor	0.50	170,884	85,442	88,005	90,646	93,365	96,166	99,051		
Fire Prevention Officer / Arson	0.50	219,586	109,793	113,087	116,479	119,974	123,573	127,280		
Fire Prevention Specialist	0.50	140,572	70,286	72,395	74,566	76,803	79,108	81,481		
Fire Prevention Officer	0.50	129,351	64,675	66,616	68,614	70,673	72,793	74,977		
Front Counter Technician	0.50	81,411	40,706	41,927	43,185	44,480	45,815	47,189		
Office Assistant III	0.50	57,714	28,857	29,723	30,614	31,533	32,479	33,453		
TOTAL STAFFING	58.81			6,842,563	7,047,840	7,259,275	7,477,053	7,701,365	7,932,406	
Inflation Rate						2.0%	2.0%	3.0%	3.0%	3.0%

To compare the use of ambulance operators in the overall service delivery scheme, LAFCO 3216 (City of Upland) anticipated the use of 42.78 FTE personnel transferring at an estimated forecast cost in FY 2018-19 of \$8,006,536. The FIA under consideration for Hesperia has 58.81 FTE positions at a cost of \$7,047,840. However, there is one caveat to this information. On February 13, 2018, the Board of Supervisors established the Ambulance Operators Unit as a new representation unit, recognized the representation of that new unit by the San Bernardino County Firefighters IAFF Local 935, and authorized the CAO Labor Relations Unit to

commence negotiations for an initial Memorandum of Understanding. Thirty of the 58 positions within the FIA are a part of this new bargaining unit, and the new MOU may impact these cost projections. LAFCO staff is unaware of the current status of those negotiations.

4/24/18 REVISED BY LAFCO STAFF Hesperia Fire Protection District Five Year Financial Analysis		Positions	Audit for Fiscal Year 2016-17	Cost Per Position Forecast FY 2017/18	FY 2017/2018 Contract	FY 2018/2019 Forecast	FY 2019/2020 Forecast	FY 2020/2021 Forecast	FY 2021/2022 Forecast	FY 2022/2023 Forecast
Administration Services and Supplies										
Dispatch (CONFIRE)					385,639	393,352	405,152	417,307	429,826	442,721
MIS (CONFIRE)					158,927	162,106	166,969	171,978	177,137	182,451
800 Radio / Paging / Maintenance					31,345	31,972	32,931	33,919	34,937	35,985
County Overhead / HR / Payroll / ATC					768,060	783,421	806,924	831,132	856,065	881,747
Equipment					84,923	86,621	89,220	91,897	94,654	97,493
Professional Services					185,250	188,955	194,624	200,462	206,476	212,671
Office Expenses					11,594	11,826	12,181	12,546	12,922	13,310
Maintenance					92,857	94,714	97,556	100,482	103,497	106,602
Miscellaneous					117,209	119,553	123,140	126,834	130,639	134,558
Insurance					276,373	281,900	290,357	299,068	308,040	317,281
MIS Equipment Replacement					34,884	35,582	36,649	37,749	38,881	40,047
Total					2,147,061	2,190,002	2,255,702	2,323,373	2,393,075	2,464,867
Station Expenses										
Vehicle Maintenance/Fuel					425,658	434,171	447,196	460,612	474,431	488,663
Utilities					107,892	110,050	113,351	116,752	120,254	123,862
General Maintenance					42,479	43,329	44,628	45,967	47,346	48,767
Medical Supplies					235,300	240,006	247,206	254,622	262,261	270,129
Clothing					13,500	13,770	14,183	14,609	15,047	15,498
Total					824,829	841,326	866,565	892,562	919,339	946,919
Prevention Services and supplies										
MIS (CONFIRE)					17,490	17,840	18,375	18,927	19,494	20,079
800 Radio / Paging / Maintenance					1,381	1,409	1,451	1,495	1,540	1,586
Equipment					2,713	2,767	2,850	2,935	3,023	3,114
Professional Services					15,629	15,941	16,420	16,912	17,420	17,942
Office Expenses					7,415	7,563	7,790	8,024	8,265	8,513
County Overhead / HR / Payroll / ATC					17,610	17,962	18,501	19,056	19,627	20,216
Miscellaneous					4,176	4,258	4,387	4,518	4,654	4,794
Insurance					7,246	7,391	7,612	7,841	8,075	8,317
Vehicle Maintenance/Fuel					6,163	6,287	6,475	6,669	6,870	7,076
Total					79,822	81,418	83,861	86,377	88,968	91,637
Household Hazardous Waste Collection					5,118	5,220	5,377	5,538	5,704	5,876
Administration and Overhead Costs					631,470	644,099	663,422	683,325	703,825	724,940
TOTAL SERVICES and SUPPLIES					3,688,300	3,762,066	3,874,928	3,991,176	4,110,911	4,234,238
Total Staffing and Services / Supplies (County Fire Contract)					11,130,562	10,809,906	11,134,204	11,468,230	11,812,276	12,166,644
Other Costs										
Household Hazardous Waste Contract					157,267	161,985	166,844	171,849	177,005	182,315
Other Administration Costs					57,766	0	0	0	0	0
Capital Expenses (Vehicles and Buildings)					0	180,000	183,600	187,272	191,017	194,838
Sub-total Other Costs					215,033	341,985	350,444	359,121	368,022	377,153
HFPD CalPERS	\$	377,601			675,542	0	0	0	0	0
Total Other Costs					890,575	341,985	350,444	359,121	368,022	377,153
TOTAL EXPENDITURES					11,130,562	11,421,439	11,151,891	11,484,648	11,827,351	12,543,797

The materials submitted are a reflection of the continuation of existing service levels by County Fire from its ten year contract for providing the service. They include the usual capital expenses for vehicles and buildings. Deputy Chief of Administration for County Fire, John Chamberlin, has provided a response (dated March 15, 2018) to concerns expressed by LAFCO staff on the lack of contingency funding in the expenditure plan (copy included as Attachment #7). This letter outlines that there are additional revenue sources, some becoming effective January 1, 2018, that enhance resources. The letter reiterates County Fire's commitment to monitor expenditures and maintain fiscal controls to assure the citizens of an adequate level of service.

The forecast of revenues and expenditures provides for an increase in fund balance over the five-year period included in the FIA and eliminates the deficits experienced by the Hesperia Fire Protection District over the last years of its operation.

4/24/18 REVISED BY LAFCO STAFF Hesperia Fire Protection District Five Year Financial Analysis		Positions	Audit for Fiscal Year 2016-17	Cost Per Position Forecast FY 2017/18	FY 2017/2018 Contract	FY 2018/2019 Forecast	FY 2019/2020 Forecast	FY 2020/2021 Forecast	FY 2021/2022 Forecast	FY 2022/2023 Forecast
Fund Balance										
Beginning Fund Balance/Reserves			5,645,372		5,513,819	5,821,277	5,332,170	5,537,669	5,678,580	5,828,154
Revenue Over (Under) Expenditures			(131,553)		307,458	260,892	205,499	140,911	149,574	161,248
One-Time Payment to HFPD						(750,000)	0	0	0	0
TOTAL Ending Balance of Reserves			5,513,819		5,821,277	5,332,170	5,537,669	5,678,580	5,828,154	5,989,402

Finally, there are some contracts in the name of the Hesperia FPD that will remain with that entity, such as the contract for its audit and the existing worker's comp claim, others that will transfer to the North Desert Service Zone and some which will terminate upon completion of the reorganization. To address these staff is proposing the following condition of approval:

- *The Successor District shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the Hesperia Fire Protection District [Government Code Section 56886(r)]. Amendments of existing agreements required for successful transfer shall be completed and submitted to the Local Agency Formation Commission prior to the issuance of the Certificate of Completion to address any changes [Government Code Section 56886(r)(v)];*

Section Conclusion:

It is the position of LAFCO staff that the approval of this reorganization will provide for the continuing delivery of fire protection, emergency medical response and ambulance service within the boundaries of the Hesperia Fire Protection District at the same level as received under its existing contract with County Fire. As required by Commission policy and State law, the revised Plan for Service and Fiscal Impact Analysis and supplemental materials submitted by County Fire show that the delivery of service can be maintained following reorganization.

In addition, assisting in LAFCO staff's ability to recommend compliance with this mandatory determination is the contract approved October 3, 2017 between the County of San Bernardino and the San Bernardino County Fire Protection District which states that *"the District and the County agree that the intent of this Agreement is to maintain or enhance to the extent possible the current services levels to the citizens and businesses of the County"*. A copy of agreement and Board Agenda Item are included as Attachment #9 to this report.

This agreement was a method to formally recognize the additional funding that had been provided by the County to County Fire (and its predecessor 32 providers) to maintain levels of service. Pursuant to these terms, should there be an issue for maintaining the service level for the community of Hesperia arise, the provisions of this agreement will allow for discussion of additional financing subject to the annual approval of the MOU. However, there is no certainty at this time that a new MOU will be entered into; other than the past 20 years of practice.

Based upon the determinations outlined above, staff supports the reorganization; therefore, the Commission will now need to address the final set of terms and conditions to effectuate the change. Specifically the terms and conditions address the elements of appropriation limits, funds which are impressed with a public trust transferring to the successor district, etc. The conditions are:

- *Upon the effective date of this Reorganization, any funds currently deposited for the benefit of the Hesperia Fire Protection District operations which have been impressed with a public trust, use or purpose, shall be transferred to the Successor District and said District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;*
- *Upon the effective date of this Reorganization, any funds currently deposited for the benefit of Hesperia Fire Protection District Community Facilities District #94-01 which have been impressed with a public trust, use or purpose, shall be transferred to the Successor District for its administration of Community Facilities District #94-01, and said District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;*
- *Upon the effective date of this Reorganization, the appropriation limit of the San Bernardino County Fire Protection District, North Desert Service Zone, shall be increased by \$8,500,000 for Fiscal Year 2018-19 to recognize the anticipated first year proceeds of taxes for the provision of fire protection, emergency medical response, and ambulance services;*

Under the typical proposal to transition service that the Commission has reviewed in the past, staff would be recommending the inclusion of a condition of approval that prohibits the transferring entity from taking actions to encumber or expend resources not approved in the budget. This condition is specifically allowed for the dissolution of a special district but not directly for the divestiture of a function. Staff believes that it is important that all parties understand their responsibilities during the transition phase of this proposal; therefore, staff believes that as allowed under Government Code Section 56886(v) the same prohibitions should be placed upon the parties. Therefore, the following condition is proposed:

- *As of the date of approval of the Reorganization by LAFCO through the effective date pursuant to the provisions of Government Code 56886(v), the Commission requires that the prohibitions outlined in Government Code*

Section 56885.5(a) (4) be applied to LAFCO 3218, specifically the Board of Directors of the Hesperia Fire Protection District shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5, and such action is supported by the San Bernardino County Fire Protection District:

- c) **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for retired employees of the Hesperia Fire Protection District shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2017-18.*
- d) **Bound by Current Budget:** No appropriating, encumbering, expending, or otherwise obligating any revenue of the Hesperia Fire Protection District beyond that provided in the current budget at the time of Commission approval, unless agreed to by the Successor District, shall be allowed.*

Based upon the information provided within the Service and Financial Section of this Report, staff believes that the Commission can make the determinations required by Commission policy and State Law, as follows:

1. The proposal represents the best available service solution for the delivery of fire protection, emergency medical response and ambulance service to the community of Hesperia;
2. It provides an efficient and cost effective form of government for the delivery of this service given the economies of scale available through County Fire;
3. It will continue to provide the level of service which existed prior to the reorganization as outlined in the Plan for Service reviewed and considered by the Commission; and,
4. The reorganization is financially sustainable given the snapshot in time used for this evaluation under the known circumstances. The divestiture of service proposed by this reorganization provides for the continuation of the payments necessary to address the payment of ongoing CalPERS obligation and provides for the transfer of the financial resources to continue the provisions of service under the auspices of the North Desert Service Zone of County Fire, the successor agency.

ENVIRONMENTAL CONSIDERATIONS

ENVIRONMENTAL: Will the proposed reorganization have an adverse environmental impact effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

The Commission is the lead agency for review of the potential environmental consequences of the reorganization evaluated in this report. LAFCO staff has provided the Commission's environmental consultant, Tom Dodson and Associates, with the application materials and responses provided by HFPD and County Fire. Mr. Dodson has reviewed this proposal and has recommended that the reorganization is statutorily exempt from the California Environmental Quality Act (CEQA) (copy of letter included as Attachment #10).

This determination is based on the fact that the reorganization will transfer the delivery of fire protection and emergency medical response from one entity to another which will not result in any physical impacts on the environment. Therefore, this action is exempt as defined under Section 15061(b)(3) of the State CEQA Guidelines. It is recommended that the Commission adopt the General Rule Statutory Exemption for this proposal by taking the actions outlined in the Recommendation Section of this report.

PUBLIC COMMENT

LAFCO staff has provided for publication of the required legal notices for consideration of this proposal. Unlike other considerations, there have been no calls questioning the processing or for additional information. The only comments received thus far have been those provided from the affected agencies in response to LAFCO concerns or expressing positions regarding the conditions proposed by LAFCO staff.

Should comments be received prior to the hearing, copies will be provided to the Commission for their review and consideration.

DETERMINATIONS

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any proposal considered:

1. The County Registrar of Voters Office has determined that the reorganization area, as modified by LAFCO staff to include the exchange of territory along the

Mojave River, is legally inhabited with 38,867 registered voters as of April 29, 2018.

2. The reorganization area is proposed to be included within the sphere of influence assigned the San Bernardino County Fire Protection District through approval of LAFCO 3217.
3. The County Assessor's Office has provided an updated determination that identifies that the total assessed valuation of the Hesperia Fire Protection District area as shown on the last equalized assessment roll (December 2017) is \$5,761,752,824 broken down as follows:

Land	\$1,456,157,881
Improvements	\$4,305,594,943

4. Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page legal advertisement in the *Victorville Daily Press*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice. Comments from affected and interested agencies have been considered by the Commission in making its determination.
5. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5. Approval of LAFCO 3218 has no direct impact on these determinations. The Sustainable Community Strategy includes as a determination the need to assure the ongoing availability of health and safety services which approval of LAFCO 3218 will support.
6. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated that based on his review of this reorganization, fire protection and emergency medical response will continue to be provided to the City by County Fire at a comparable service level. Therefore, the proposal will have no physical affect upon the environment, and a General Rule Statutory Exemption as authorized under Section 15061(b)(3) of the State CEQA Guidelines is appropriate. A copy of Mr. Dodson's response is included for the Commission's review as Attachment #10 to this report.
7. The reorganization area is presently served by the following public agencies:

County of San Bernardino
City of Hesperia
Town of Apple Valley (small portion)
Hesperia Fire Protection District
Community Facilities District #94-01 and #2005-1 (portions of area)

Apple Valley Fire Protection District (portion along Mojave River)
Hesperia Water District
Hesperia Recreation and Park District
Mojave Water Agency
Mojave Desert Resource Conservation District
County Service Area 60 (Apple Valley Airport)

The City of Hesperia is affected through the assumption of the guarantee for payment obligations for the unfunded CalPERS retirement obligations for the Hesperia Fire Protection District. The Hesperia Fire Protection District is affected through the transfer of its fire protection, emergency medical response and ambulance obligations and powers to County Fire and its North Desert Service Zone as a function of the reorganization. The Apple Valley Fire Protection District is affected through the realignment of boundaries along the Mojave River. In addition, the change anticipates the transfer of administration of Hesperia Fire Protection District Community Facilities District #94-01 to the North Desert Service Zone of County Fire to fund the ongoing fire operations. None of the other agencies are affected by this reorganization proposal as they are regional in nature.

8. Upon reorganization, the primary successor district, the North Desert Service Zone of the SBCFPD, will extend the defined range of services to residents, landowners, and governments within the boundaries of the Hesperia Fire Protection District. The Plan for Service, jointly submitted by the Hesperia Fire Protection District and County Fire, provide a general outline of the delivery of services mandated by Government Code Section 56653. This Plan and Fiscal Impact Analysis indicates that the transfer of service to the North Desert Service Zone and County Fire can, at a minimum, maintain the level of service delivery currently received by the area. The Plan for Service and Fiscal Impact Analysis have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plan for Service and the supplemental data submitted conform to those adopted standards and requirements.
9. The reorganization area and its residents can benefit from the assumption of fire protection and emergency medical response through the North Desert Service Zone of the San Bernardino County Fire Protection District as evidenced by the amended Plan for Service and Fiscal Impact Analysis.
10. The proposal, as modified by LAFCO staff, complies with Commission policies that indicate the desire to provide for the establishment of appropriate, sustainable and logical municipal government structure for the distribution of an efficient and effective delivery of public services. Inclusion of the Hesperia Fire Protection District within the jurisdictional boundary of the San Bernardino County Fire Protection District and its North Desert Service Zone will allow the residents and

landowners to receive the benefits of the economies of scale from a regional provider of fire protection and emergency medical response services.

11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the City of Hesperia through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
12. With respect to environmental justice, the reorganization provides for the continuation of existing fire protection and emergency medical response within the area and will not result in the unfair treatment of any person based upon race, culture or income.
13. The County Board of Supervisors (on behalf of County Fire and the Hesperia Fire Protection District) and the City of Hesperia have successfully completed the process for the determination of the transfer of ad valorem property tax revenues upon successful completion of this reorganization to the successor agencies, SBCFPD and its North Desert Service Zone for continuing service delivery and the City of Hesperia for the continued payment of unfunded retirement obligations of the Hesperia Fire Protection District. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.
14. The maps and legal descriptions prepared by the County Surveyor are in substantial compliance with LAFCO and State standards.

CONCLUSION

In every consideration for reorganization of fire providers, staff has identified that adequate fire protection, emergency medical response, and ambulance service (in this case) are key health and safety issues for any community. This is true for LAFCO 3218 even if its mechanism for transitioning the service is unique. The community of Hesperia is well aware of the needs for this type of service having witnessed the North Fire in 2015 burning cars on the I-15 freeway to the Blue Cut Fire causing the mandatory evacuation of 82,000 residents.

As a subsidiary district of the City of Hesperia, the Hesperia Fire Protection District has for the past six years experienced "service insolvency" (inability to pay for all the costs of providing services at the level required for the welfare of the community) and "budget insolvency" (inability to create a balanced budget that provides sufficient revenues to pay for expenses). This position has been identified by the Hesperia Fire Protection District's auditors which have included the same basic statement in the last five audits. The following excerpt is from the Fiscal Year 16-17 Audit:

The Fire District Board of Directors has been considering alternatives to fiscally manage the ongoing issue of operating expenditures exceeding operating revenues. The District's operating fund ended Fiscal Year 2016-17 with an operating loss of nearly \$0.3 million. At the November 1, 2016 Board Meeting, the Board approved a resolution requesting that the Local Agency Formation Commission (LAFCO) initiate proceedings to analyze the reorganization of the District, with the San Bernardino County Fire Protection District as the designated successor of the potential annexation. More detail can be found within Note 10.

The City of Hesperia (on behalf of its subsidiary Fire District) and the County and its San Bernardino County Fire Protection District have proposed a means to address these ongoing service and budgetary problems through the reorganization known as LAFCO 3218.

LAFCO law, in Government Code Section 56001, states that the Legislature's expectation is that the Commission will assess and make determinations related to the proposals it considers that addresses

"community service priorities be established by weighing the total community service needs against the total financial resources available for securing the community service; and that the community service priorities are required to reflect local circumstances, conditions, and limited financial resources".

It is the position of LAFCO staff that the approval of LAFCO 3218 responds to the statutory directives given to LAFCO in providing the best means available, both operationally and fiscally, to continue to provide the community of Hesperia fire protection, emergency medical response and ambulance services by taking advantage of the economies of scale available from inclusion within County Fire. In this sense, LAFCO 3218 represents the best of what LAFCOs can achieve: structurally reorganizing financially distressed entities into financially sustainable organizations to effectively serve the public into the future. Therefore, staff recommends approval of LAFCO 3218 as presented.

KRM/RA

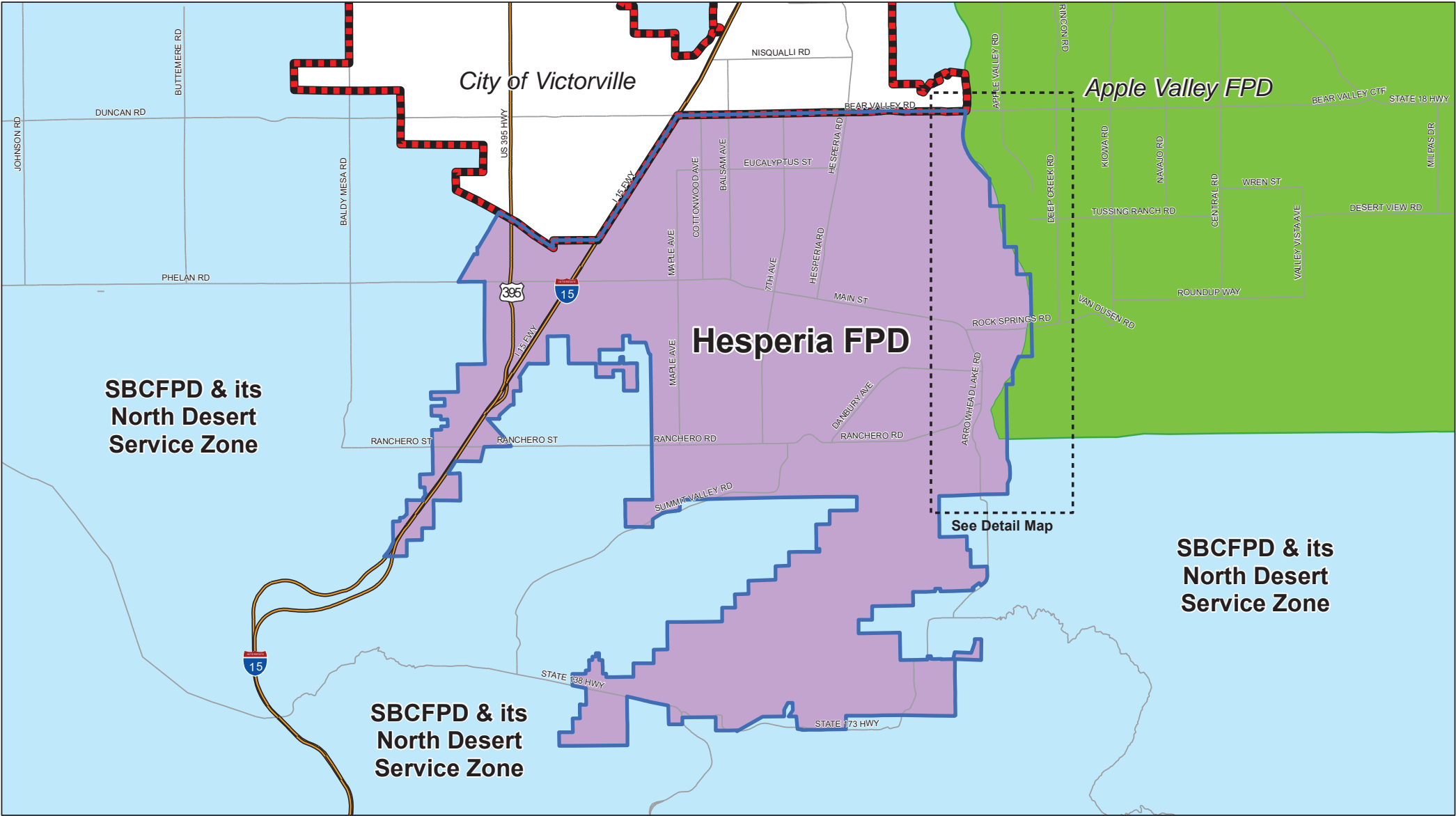
Attachments

1. Maps:
 - a. [Vicinity Maps and Official Proposal Maps](#)
 - b. [Maps of Staff Proposed Modifications](#)
 - c. [Map of Ambulance Service Area](#)
 - d. [Map of Community Facility Districts -- #94-01 and 2005-1](#)
 - e. [Maps of 5 and 10 minutes Response Times](#)
2. [Application, Plan for Service and Appendices, Fiscal Impact Analysis as Amended by LAFCO staff Dated April 24, 2018, and 5-year Call Distribution for Hesperia FPD](#)

3. [Letter from Chief Sid Hultquist, Apple Valley Fire Protection District Supporting LAFCO Modification to Proposal for Realignment of Fire Providers Along the Mojave River](#)
4. [Letter from Gary McBride, County CEO Related to Hesperia Fire Cash Flow Concerns](#)
5. [Property Tax Transfer Resolutions from County and City of Hesperia including Contract with Auditor-Controller to Address Pass Through from City of Hesperia Redevelopment Agency](#)
6. [Letter from John Chamberlin, Deputy Chief of Administration, Dated May 3, 2018 Related to Property Tax Transfer Implementation for Reserve Funding](#)
7. [Letter Dated March 15, 2018 From John Chamberlin, Deputy Chief of Administration, on Financing Questions for Future Operations of Hesperia FPD](#)
8. [Supplemental Data Related to Administration of CFD #94-01](#)
9. [County Contract 17-796 – Memorandum of Understanding Between San Bernardino County Fire Protection District and County of San Bernardino for Fire Protection and Emergency Medical Services](#)
10. [Letter from Tom Dodson and Associates Dated May 7, 2018 Related to Environmental Assessment](#)
11. [Draft LAFCO Resolution No. 3266](#)

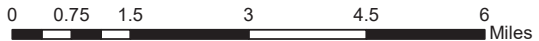
Vicinity Maps and Official Proposal Maps

Attachment 1a



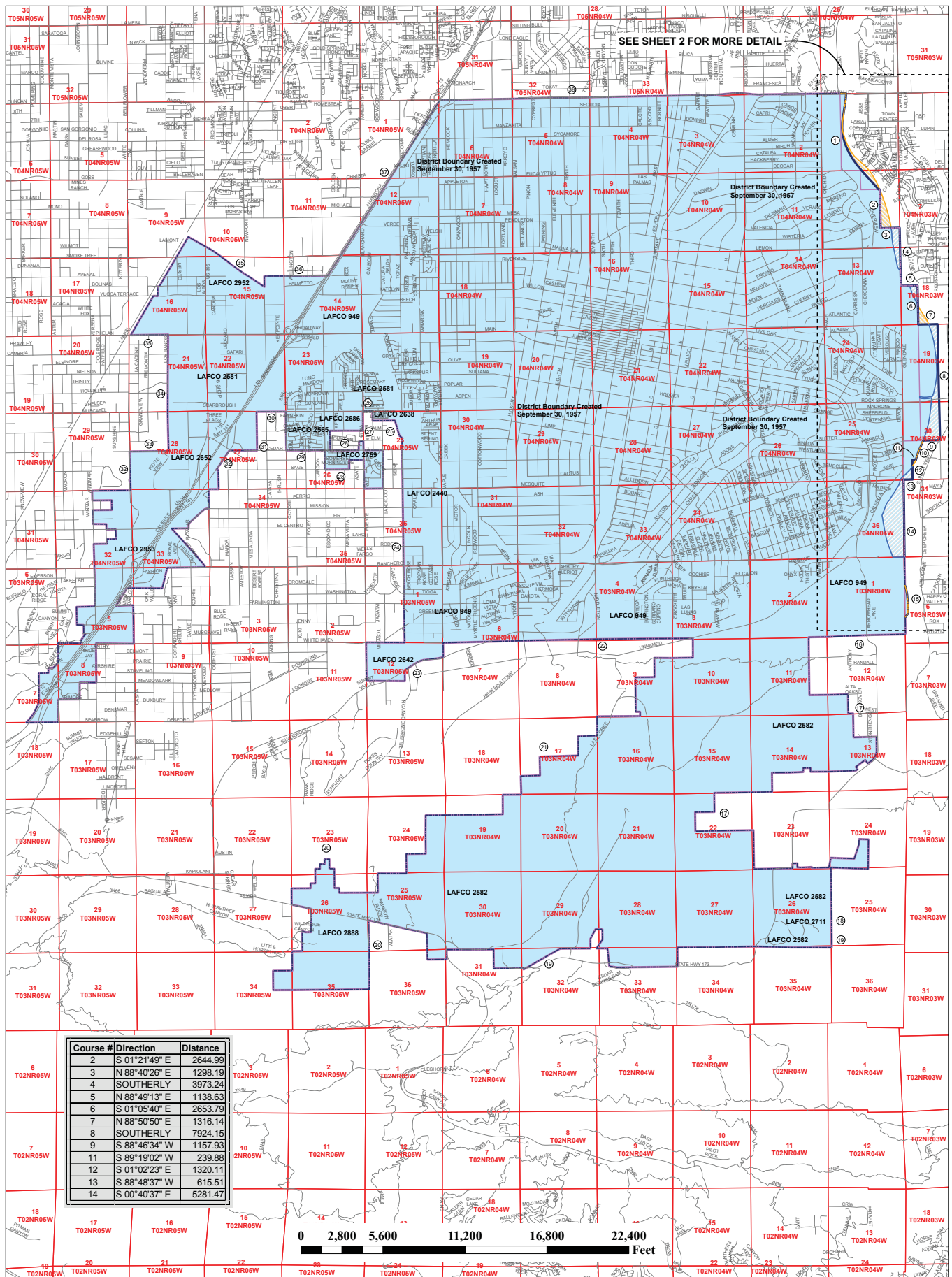
LAFCO 3218 - Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone, and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

- Sphere of Influence Expansion for SBCFPD (LAFCO 3217)
- Annexation to SBCFPD and its North Desert Service Zone (LAFCO 3218)
- Apple Valley Fire Protection District
- City of Victorville
- San Bernardino County Fire Protection District & its North Desert Service Zone



Map Created: 12/6/2017





LAFCO 3218 - Reorganization to Include Annexations to the San Bernardino County Fire Protection District, its North Desert Service Zone and Apple Valley Fire Protection District, Detachments from Hesperia Fire Protection District and Apple Valley Fire Protection District, and Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from the Hesperia Fire Protection District.
Annexations to San Bernardino County Fire Protection District and its North Desert Service Zone



- Those Portions of: Township 3 North, Ranges 4 and 5 West; Township 4 North, Ranges 3, 4, and 5 West S.B.M., San Bernardino County, State of California.
- Existing Hesperia Fire District Boundary & LAFCO 3218 Boundary
 - Existing City of Hesperia Boundary
 - Existing City of Hesperia Boundary and LAFCO 3218 Boundary
 - AREA 1 Annexation to SBCCFPD and its North Desert Service Zone. Containing 46,647 Acres, More or Less
 - AREAS 2, 3, 6, and 8 Detachments from AAVPD and Annexations to SBCCFPD and its North Desert Service Zone. Containing 254.52 Acres, More or Less
 - AREAS 4, 5, 7, and 9 Detachments from Hesperia FPD and Annexations to AAVPD. Containing 61.95 Acres, More or Less

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION



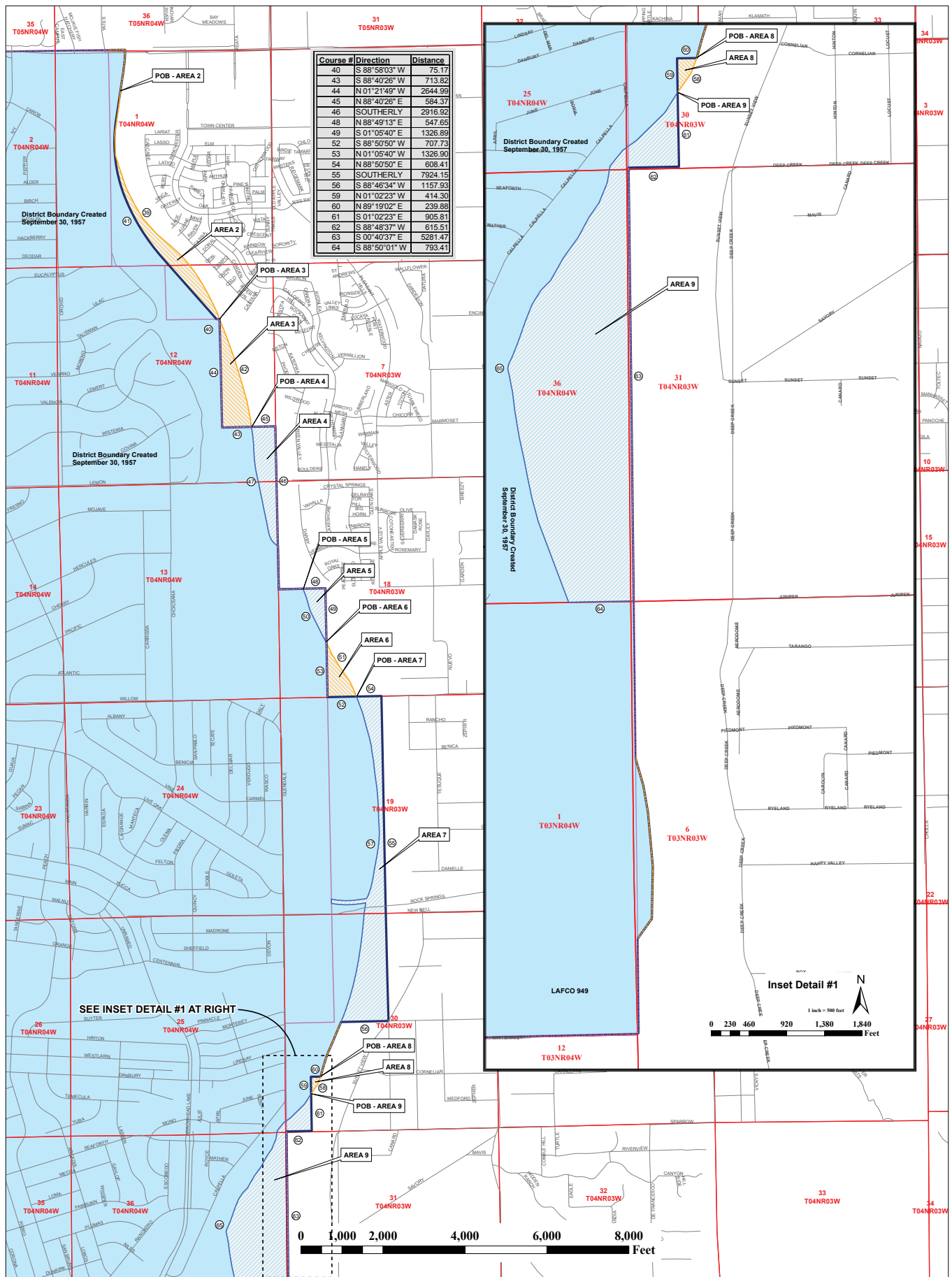
James I. Stone
 Deputy County Surveyor
 PLS 9075

02/12/2018

Date

Exp. 3/31/2018
 Job Number 00140070, 00234170 - Revised February 12, 2018

SHEET 1 of 2



LAFCO 3218 - Reorganization to Include Annexations to the San Bernardino County Fire Protection District, its North Desert Service Zone and Apple Valley Fire Protection District, Detachments from Hesperia Fire Protection District and Apple Valley Fire Protection District, and Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from the Hesperia Fire Protection District.
Annexations to San Bernardino County Fire Protection District, its North Desert Service Zone, and Apple Valley Fire Protection District and
Detachments from Hesperia Fire Protection District and Apple Valley Fire Protection District

Those Portions of: Township 3 North, Ranges 4 and 5 West; Township 4 North, Ranges 3, 4, and 5 West S.B.M., San Bernardino County, State of California.



- Existing Hesperia Fire District Boundary & LAFCO 3218 Boundary
- Existing City of Hesperia Boundary
- Existing City of Hesperia Boundary and LAFCO 3218 Boundary
- Section Lines
- Course Number
- AREA 1
Annexation to SBFCFPD and its North Desert Service Zone. Containing 46,647 Acres, More or Less
- AREAS 2, 3, 6, and 8
Detachments from AVFPD and Annexations to SBFCFPD and its North Desert Service Zone. Containing 254.52 Acres, More or Less
- AREAS 4, 5, 7, and 9
Detachments from Hesperia FPD and Annexations to AVFPD. Containing 61.95 Acres, More or Less

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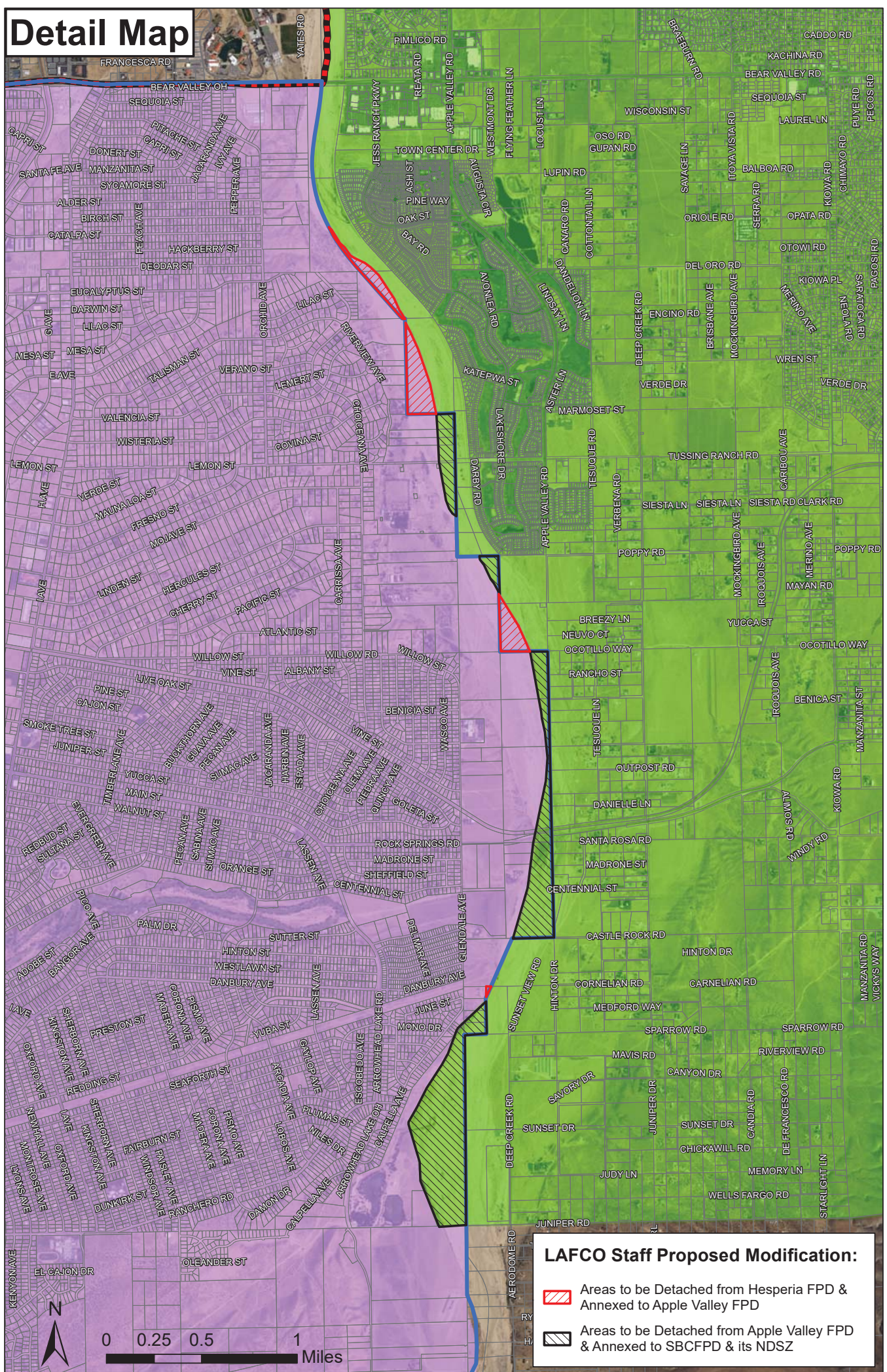


James I. Stone
 Deputy County Surveyor
 PLS 9075
 Date 02/12/2018
 Exp. 3/31/2018
 Job Number 00140C70, 00234LF0 - Revised February 12, 2018

Maps of Staff Proposed Modifications

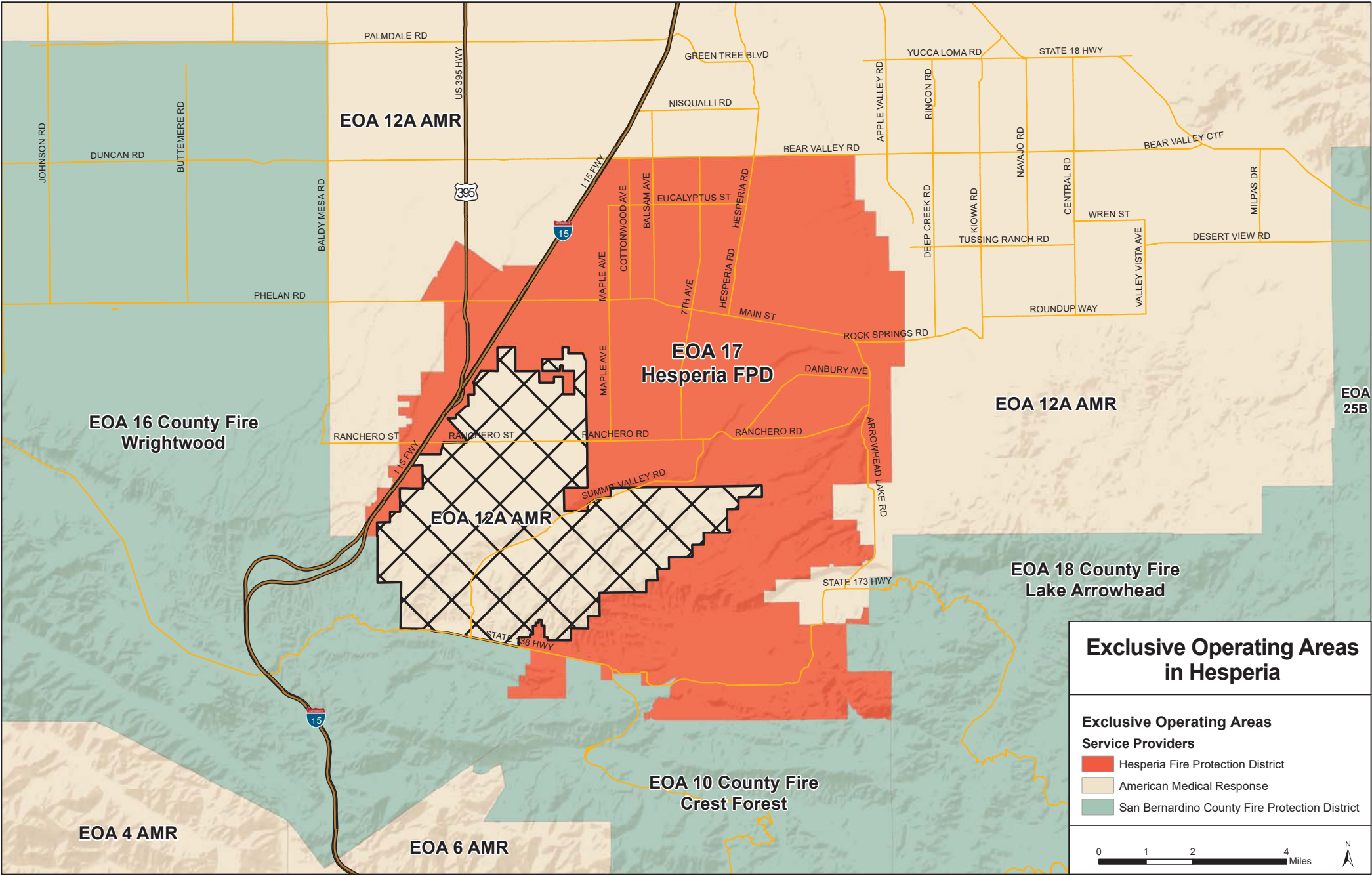
Attachment 1b

Detail Map



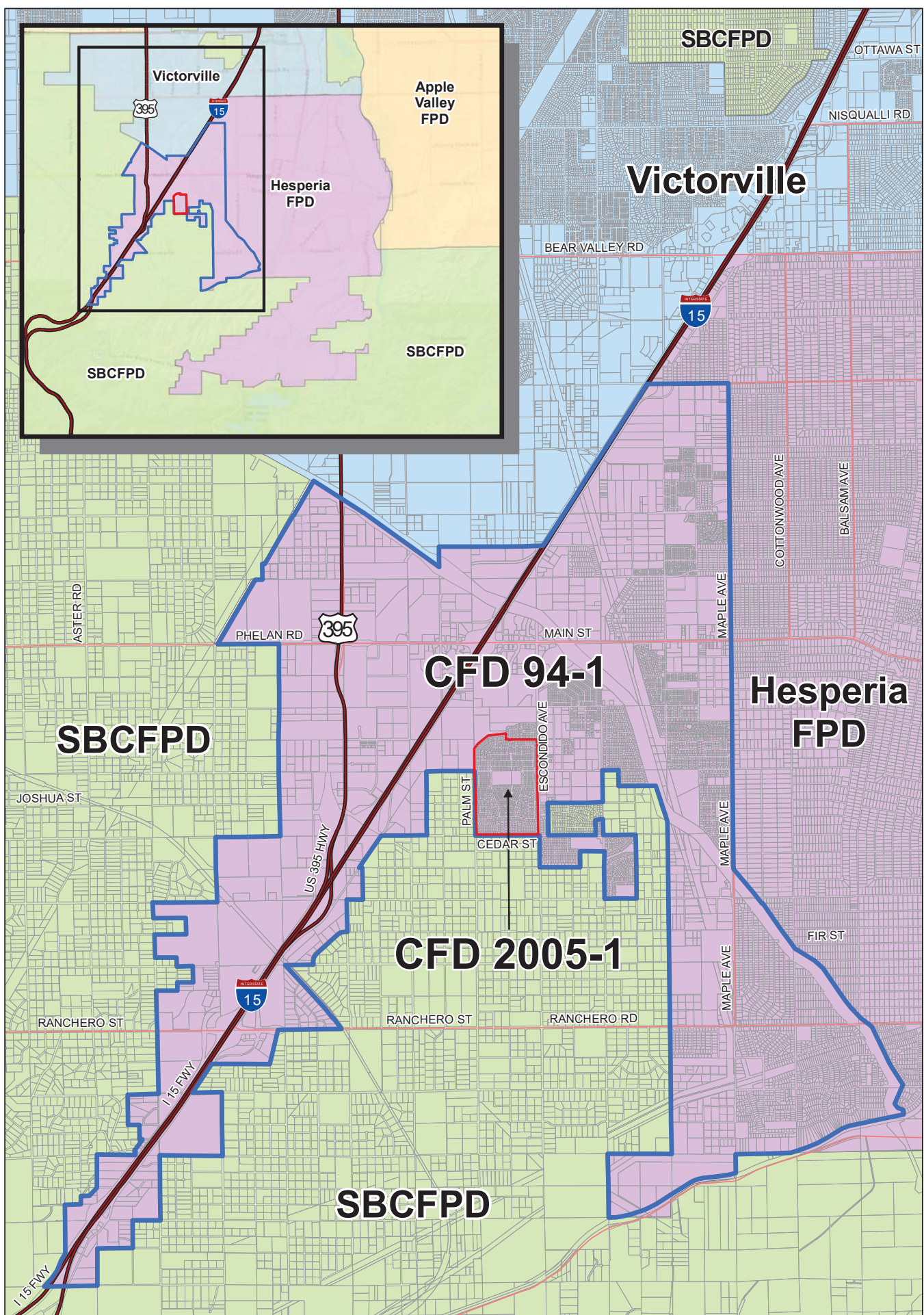
Map of Ambulance Service Area

Attachment 1c



**Map of Community
Facility Districts --
#94-1 and 2005-1**

Attachment 1d



Community Facilities District 94-1 Annexation Area No.3

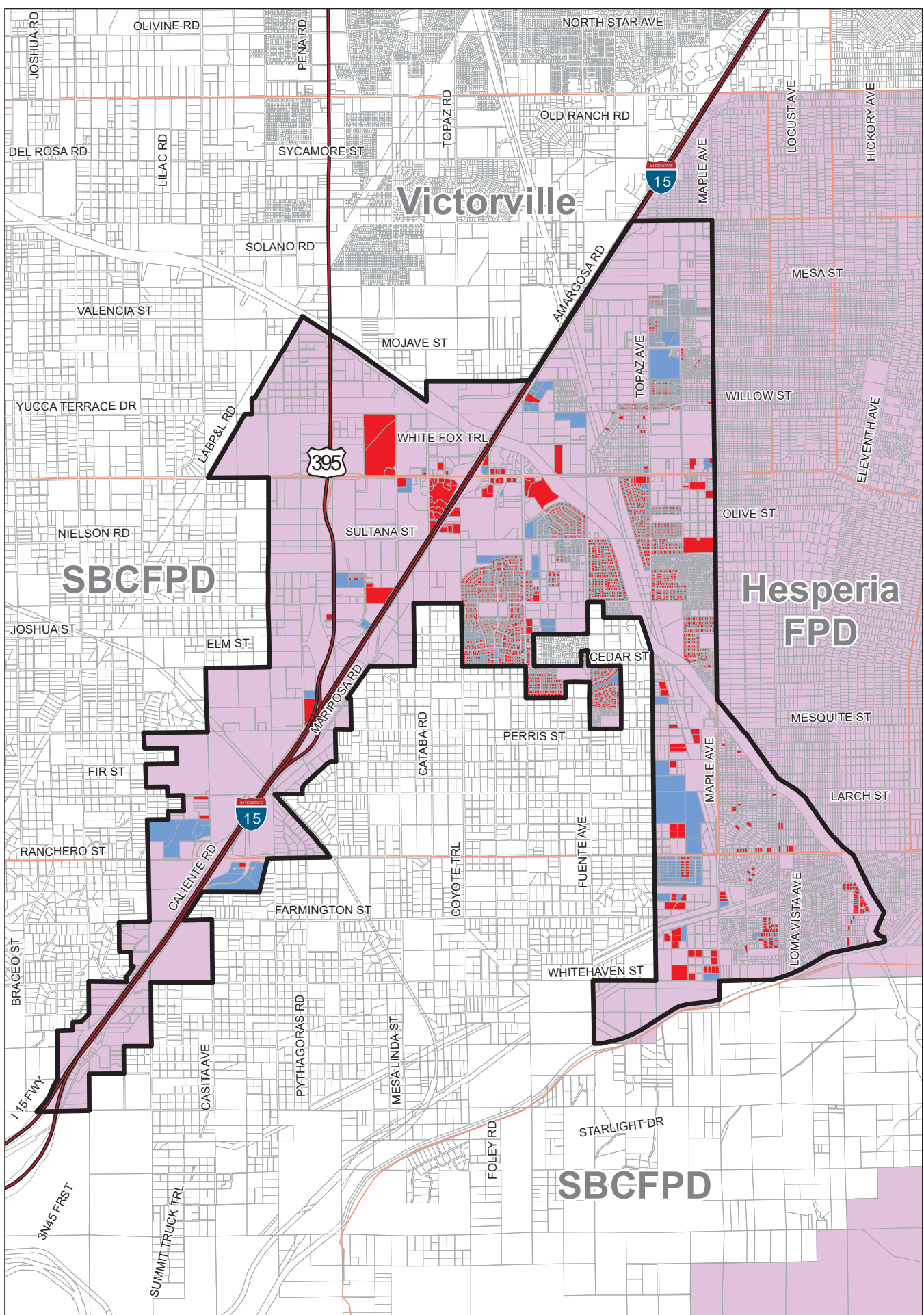


0 2 4 8 Miles

Map Created: 3/12/2018



- ▭ Community Facilities District 94-1 Annexation Area No.3
- ▭ Community Facilities District 2005-1
- ▭ Hesperia Fire Protection District
- ▭ San Bernardino County Fire Protection District - North Desert Service Zone
- ▭ City of Victorville
- ▭ Apple Valley Fire Protection District



City of Hesperia **Community Facilities Districts 94-1**

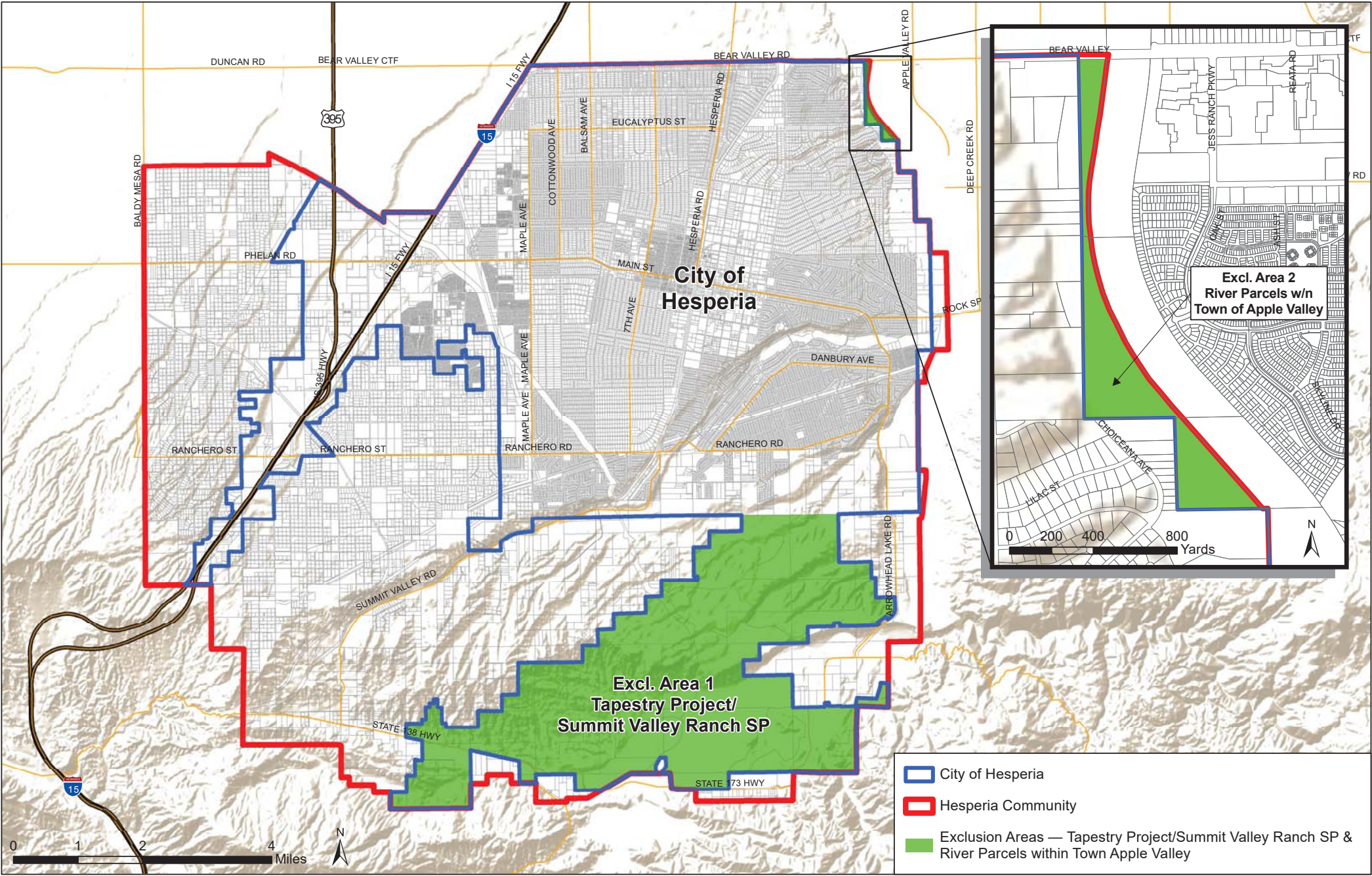


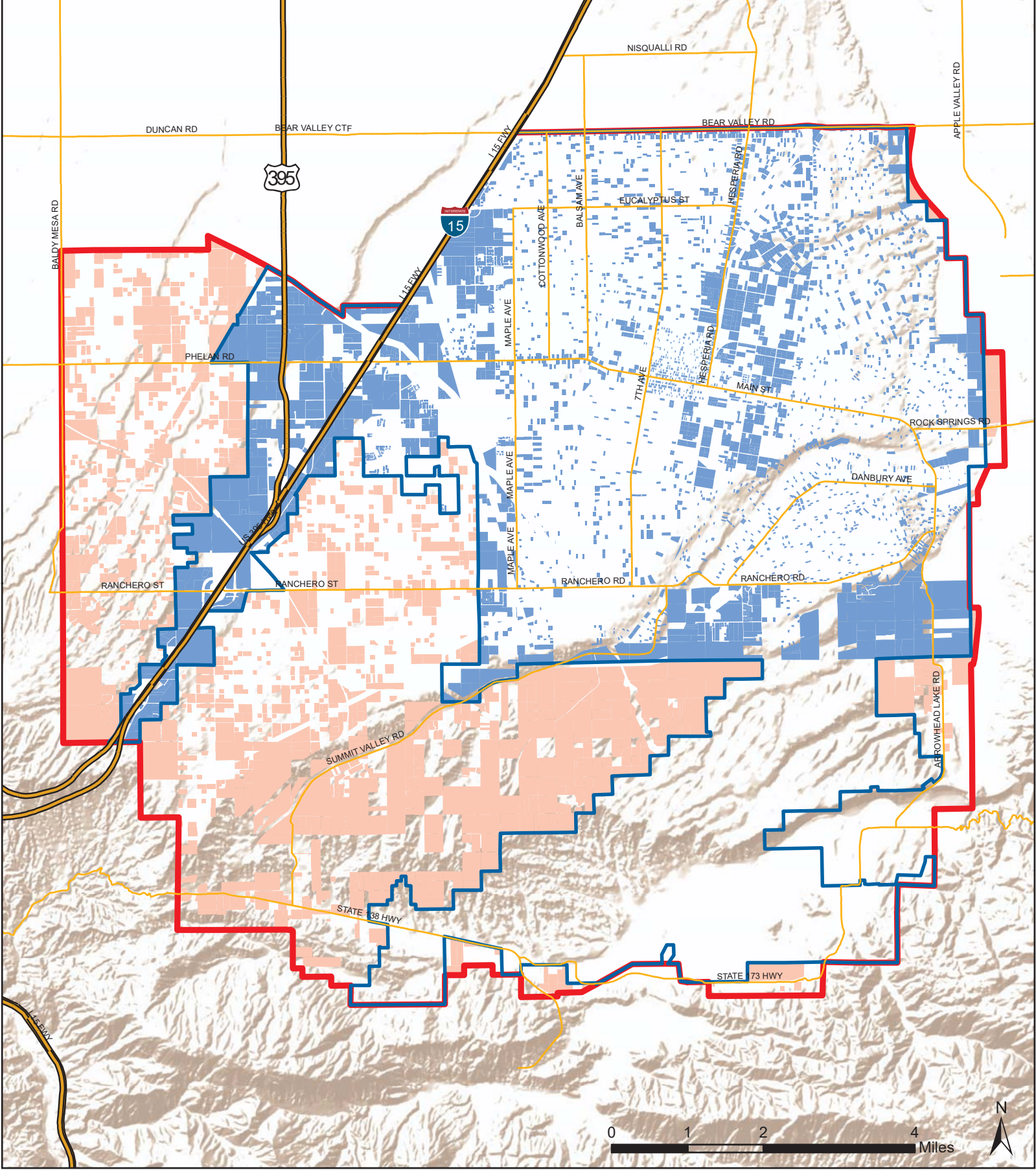
0 0.25 0.5 1
Miles

Map Created: 3/12/2018



- CFD 94-1 Annexation Area No.3
- CFD 94-1 (Undeveloped/Public/ Exempt Parcels)
- CFD 94-1 (Parcels Currently Assessed, RES/Non-RES)
- Hesperia Fire Protection District





Vacant Parcels	
Within City	Within City's Sphere of Influence
5,223	1,620

Vacant Parcels within City of Hesperia

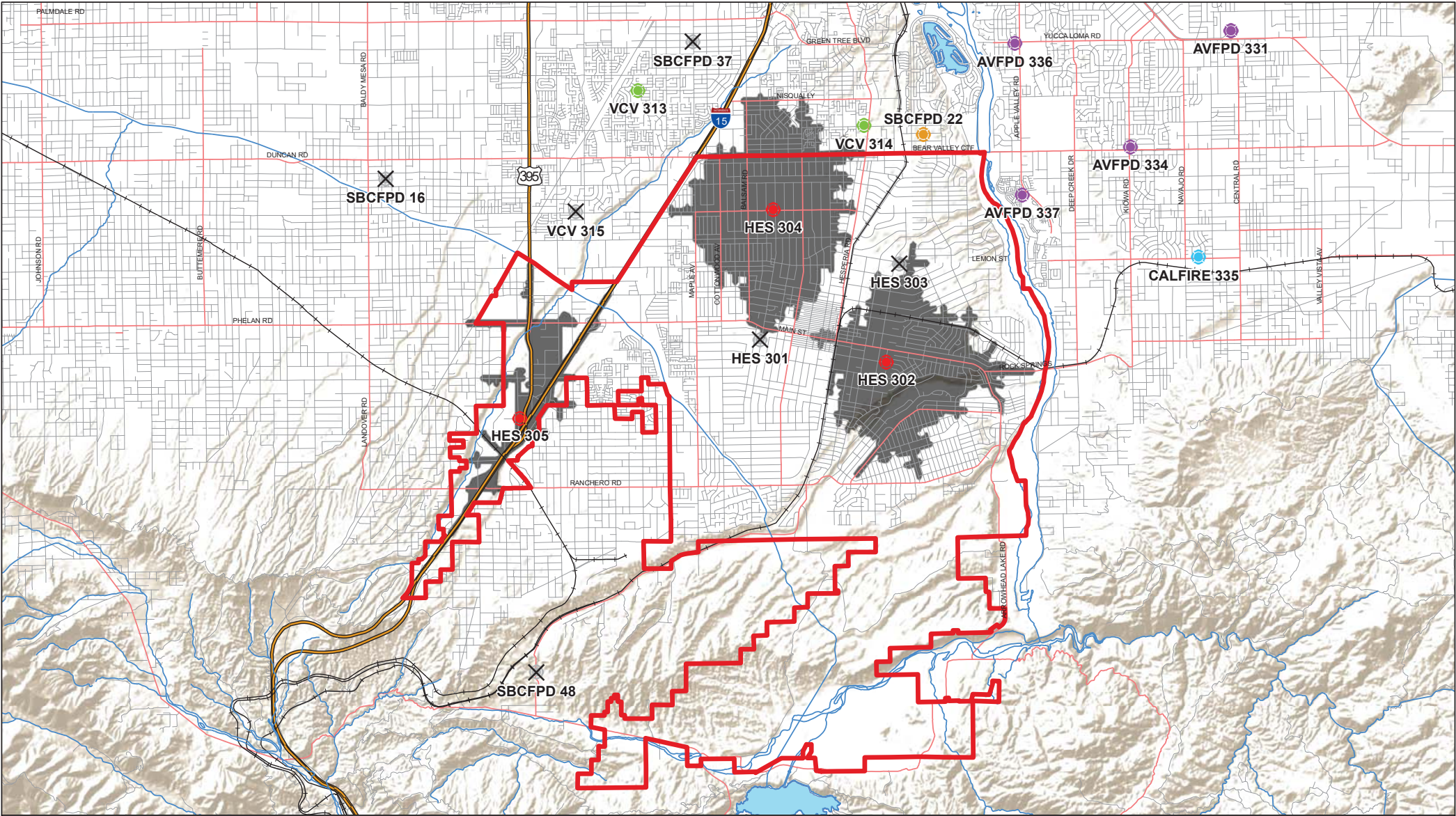
Vacant Parcels within City of Hesperia's Sphere of Influence

City of Hesperia

City of Hesperia's Sphere of Influence

Maps of 5 and 10 Minutes Response Times

Attachment 1e



Hesperia Fire Protection District Fire Service Response Time — 5 Minutes



Note: Service areas are generated based on typical traffic condition for Wednesday, at 12:00 PM. Data Source: ESRI

- Hesperia Fire Protection District (Hesperia FPD)

Hesperia FPD 5 Minutes Service Area
- Fire Stations**

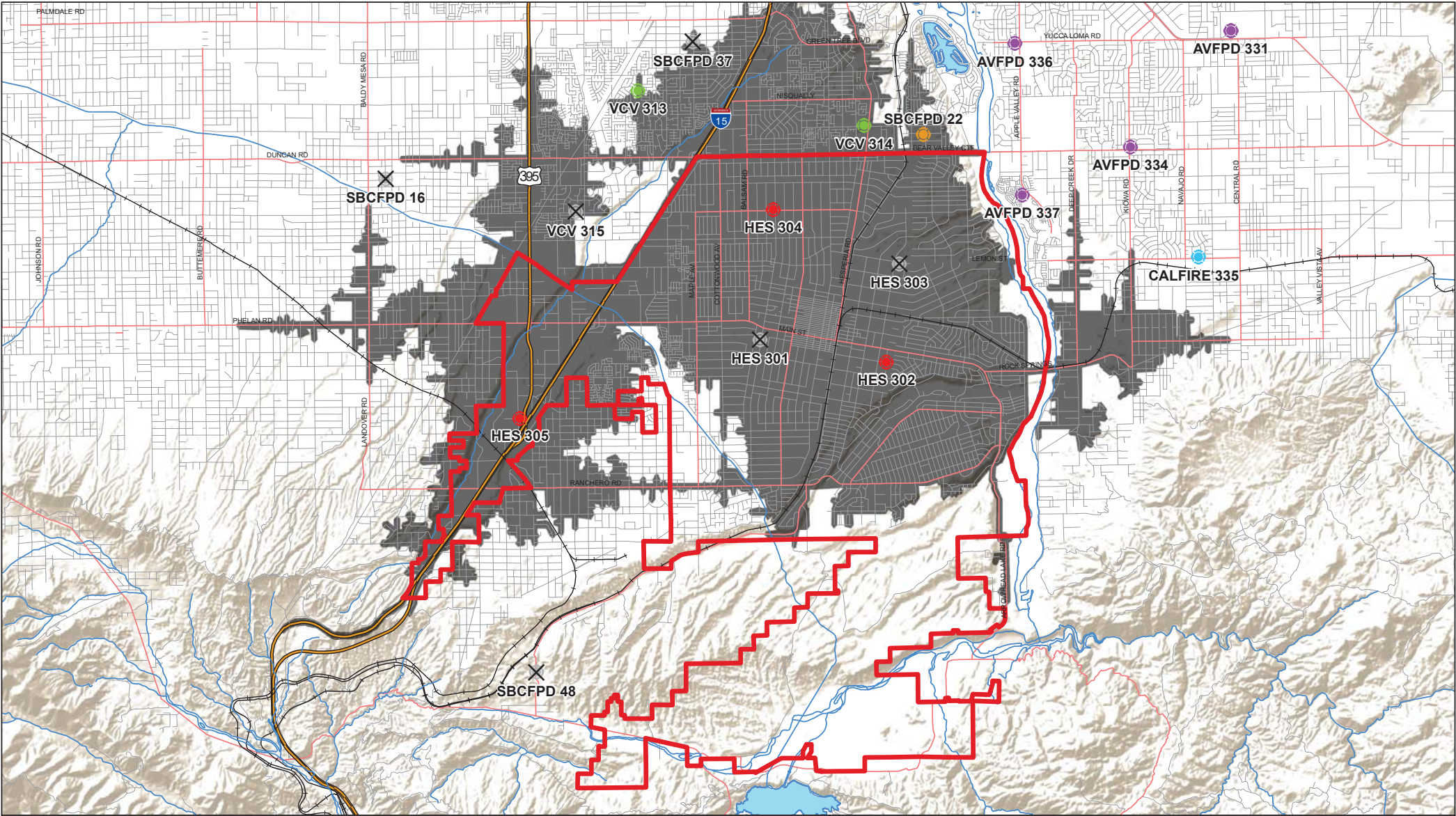
Hesperia FPD

Apple Valley FPD

City of Victorville

S.B. County FPD (County Fire)

Inactive Stations
- CALFIRE (Not a First Responder for AVFPD)



Hesperia Fire Protection District Fire Service Response Time — 10 Minutes



Note: Service areas are generated based on typical traffic condition for Wednesday, at 12:00 PM. Data Source: ESRI

- Hesperia Fire Protection District (Hesperia FPD)

Hesperia FPD 10 Minutes Service Area
- Hesperia FPD

Apple Valley FPD

City of Victorville
- CALFIRE (Not a First Responder for AVFPD)

S.B. County FPD (County Fire)

Inactive Stations

**Application, Plan for Service and
Appendices, Fiscal Impact Analysis as
Amended by LAFCO staff Dated April
24, 2018, and 5 year Call Distribution
for Hesperia FPD**

Attachment 2

LAFCO Action #3218

Reorganization to include Divestiture of the
Hesperia Fire Protection District's
Fire Powers, and Annexation into the
San Bernardino County Fire Protection District

Plan for Service

October, 2017



LAFCO Action #3218

Reorganization to include Divestiture of the
Hesperia Fire Protection District's Fire Powers, and
Annexation into the
San Bernardino County Fire Protection District

Plan for Service

October, 2017

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**Reorganization to include Divestiture of the
Hesperia Fire Protection District's Fire Powers, and
Annexation into the
San Bernardino County Fire Protection District
Plan for Service
September, 2017**

1. Annexation

The Hesperia Fire Protection District (HFPD) proposes to divest its fire powers and responsibility to the San Bernardino County Fire Protection District (SBCFPD). The HFPD would remain the sole provider for payments to the California Public Employees Retirement System (CalPERS) by the City of Hesperia for unfunded retirement liability belonging to the HFPD. Through the Local Agency Formation Commission (LAFCO) process the HFPD would divest all function and authority for fire, rescue, and emergency medical services to the SBCFPD and its North Desert Regional Service Zone. The current contract for Fire Services between HFPD and SBCFPD is a one year extension contract that is paid on a monthly basis and is valid through June 30, 2018 (Copy of contract attached as Appendix A). The transition timeline is intended to achieve certification of successful annexation as soon as possible with an effective implementation date of July 1, 2018.

The annexation of the HFPD fire powers to SBCFPD would result in the complete assumption of fire suppression, rescue, prevention, and EMS services by SBCFPD within the current boundaries of the City of Hesperia. An agreement has been made between HFPD and SBCFPD on the current service level and the short and long term costs to provide service. An agreement has been developed to transfer the remaining portion of HFPD's property tax and all other existing revenues to County Fire for fire protection services as described in the Financial Analysis. Upon the completion of the reorganization and execution of the property tax reallocation agreement between the HFPD, SBCFPD, City of Hesperia, and the County of San Bernardino; the HFPD will have no further funding obligations for fire suppression, rescue or emergency services. The City of Hesperia will continue to make payments to CalPERS for unfunded retirement liability. The following describes the proposed plan of service that would be provided by County Fire to the HFPD upon annexation.

2. Incident Response

A. Fire Suppression

SBCFPD is a full-service organization operating seventy fire stations serving approximately 1,000,000 citizens throughout the approximately 19,130 square miles of unincorporated territory plus seven incorporated cities including Adelanto, Fontana, Grand Terrace, Hesperia, Needles, San Bernardino, Twenty-nine Palms, Victorville, and Yucca Valley. SBCFPD provides a full range of emergency services including ladder trucks and elevated stream operations, fire boats for water rescues, snow cats for winter operations, heavy equipment dozers and front-loaders for flooding and earth moving, hand crews, ambulance transportation in seven ambulance operating areas, paramedics on engines and ambulances, and large incident command and control capability. County Fire's chief officers are trained to function in various Incident Command System (ICS) capacities while some participate on Interagency Management Teams. Levels of service vary in each community based on County Fire's available revenue. Staffing in SBCFPD stations varies from all paid-call firefighters to two or three, career firefighters on each fire engine.

The HFPD is located within the SBCFPD's North Desert Service Zone. This service zone currently staffs and deploys the following:

Table 1. County Fire North Desert Regional Service Zone Staffing and Resources

Personnel		Resources
Assistant Chiefs	2	Type I Engines
Battalion Chiefs	6	Type III Engines
Administrative	7	Type VI Engines
Fire Captains	48	Ladder Trucks
Fire Engineers	48	Type I Hazmat Unit
Firefighters	54	Heavy Rescue
Ambulance Operators	48	Squads
		Water Tenders
		Utilities
		Command Vehicles

B. Emergency Medical Response

SBCFPD is the largest provider of pre-hospital care in the County and second largest ambulance transport provider. This level of service is provided using Paramedic Engine/Truck/Squad Companies or Paramedic Ambulances depending on the need of the local communities. SBCFPD also has an extensive Automatic External Defibrillator (AED) program operating in 27 communities with 52 defibrillators.

C. Hazardous Materials Response

SBCFPD's Hazardous Materials Division has maintained and implemented a comprehensive Hazardous Materials Emergency Response Team since 1983, which responds to all incidents associated with the release of hazardous materials or hazardous wastes throughout the County. The team is fully equipped and comprised of ten Registered Environmental Health Specialists who are trained to the State of California Hazardous Materials Specialist level.

For individual emergencies and disasters, hazardous materials responses are coordinated through the Incident Command System, the Standardized Emergency Management System (SEMS) and automatic aid provisions. In addition to the ten Registered Environmental Health Specialists, SBCFPD maintains two Type II Hazardous Materials Response Units. One unit is located in the West Valley and one unit in the North Desert. The units are staffed with 36 Specialist Level members of the hazardous materials team. SBCFPD also maintains five Decontamination Trailers located in the various divisions for quick regional response. These units provide for the rapid decontamination and clothing of up to 500 victims for release or treatment during an emergency. Hazardous materials equipment, response, and training are coordinated through the Interagency Team concept adopted by the SBCFPD's Association as an efficient delivery of specialized hazardous materials response throughout the County. Depending on the incident and resources available, members of the team may fill any position in the Incident Command System ranging from entry and decontamination of personnel, team leaders, HAZMAT group supervisor, Public Information Officer (PIO), safety officer and unified incident commanders.

The Hazardous Materials Emergency Response Team is critical to civil and criminal investigations. The team provides expert testimony, obtains and prepares documents as evidence and conducts sampling all while maintaining the chain of custody for any evidence collected.

D. Rescue Operations

SBCFPD is one of California's largest Office of Emergency Services (OES) Urban Search & Rescue (USAR) local government resources. SBCFPD currently deploys three Heavy Rescues and one Medium Rescue to include one of the Heavy Rescue Units that is located in the North Desert. SBCFPD has also been certified by the State of California as a Regional Taskforce for USAR providing RTF-6 for response throughout the State of California. SBCFPD currently has 70 personnel trained to "Heavy" Type I response capability, and these numbers continue to grow. Additionally, nearly all of SBCFPD personnel have been trained in swift-water rescue, over-the-side rescue, and other various aspects of technical rescue. SBCFPD has also taken the lead within the County in the fight against terrorism. SBCFPD has been the recipient of numerous grants from the Federal Government for terrorism preparation. SBCFPD is also very

active on the Terrorism Early Warning Group, the Terrorism Oversight Committee and Bio-Terrorism Operations Committee.

Urban Search & Rescue is considered a multi-hazard discipline; as it may be needed for a variety of emergencies or disasters, including earthquakes, storms and tornadoes, floods, dam failures, technological accidents, terrorist activities, and hazardous materials releases.

E. Mass-Casualty Incident Response

SBCFPD deploys trained and experienced personnel and resources to effectively manage mass-casualty incidents (MCI). Fixed resources include 11 self-contained MCI trailers stocked with medical equipment including backboards, blankets, trauma dressings, IV solutions, oxygen, triage tarps, etc., and each are designed to be towed or lifted by helicopter to the scene of a major medical incident. The MCI trailers are strategically located within each of the divisions to include the North Desert and are near the likely locations of mass-casualty incidents such as transportation corridors and remote mountain communities. SBCFPD can also mobilize multiple Advanced Life Support (ALS) and Basic Life Support (BLS) ambulances through existing Ambulance Mutual Aid Agreements on file with Inland Counties Emergency Medical Agency (ICEMA). SBCFPD recognizes, and prepares for mass-casualty incidents in the event of an act of terrorism, natural disaster, or transportation incident.

F. Arson Investigation Services

SBCFPD provides Arson Investigation services for all areas served within the County jurisdiction. The SBCFPD Investigation Bureau has four investigators with at least one supervisor assigned daily. An assigned investigator along with a back-up investigator cover all investigations after hours. The investigators who perform these duties are armed Peace Officers. Their responsibility is to conduct fire investigations for cause and origin, conduct criminal investigations, and assist the County District Attorney with the prosecution of cases.

SBCFPD investigators work in conjunction with the San Bernardino County Sheriff Department Arson and Bomb Unit on multi-agency crime scene investigations. The Fire Investigation Unit conducts over 500 investigations annually.

G. Major Disaster Response

SBCFPD has a proven history of managing major incidents and disasters. Major disaster response usually includes the activation of Incident Management Teams to effectively manage the incident, and to free-up local resources and personnel. Multiple County Fire personnel serve on Interagency Management Teams and function as Incident Commanders, Operation Section Chiefs, Logistics Chiefs, Safety Officers, Division/Group Supervisors, Public Information Officers, GIS Technical Specialists (mapping technicians), and Helicopter Coordinators. County Fire is also a participant in the San Bernardino County Chiefs Incident Management Team. Employees assigned to

Incident Command Teams are all National Wildfire Coordinating Group (NWCG) 310-1 Red-Card Certified). County Fire also has their own Type III Incident Management Team.

H. Confined-Space Operations

SBCFPD provides training to all suppression personnel to the Confined Space Awareness level. This level of training allows for basic confined space rescue operations and the establishment of the Incident Command System while awaiting the arrival of technical rescue team members. The majority of SBCFPD's personnel have obtained a higher level of training comprised of the Confined Space Rescue Operational level. SBCFPD has the capability of performing complex rescue operations using state-of-the-art rescue equipment. SBCFPD maintains and operates supplied-air breathing apparatus (SABA), intrinsically safe communications and lighting equipment, tripods for vertical entry and rescue operations, rope rescue systems, and other specialized equipment for complex confined space rescue operations.

3. Fire Prevention

SBCFPD Community Safety staff currently provides fire prevention services as follows:

- Participation in pre-development planning meetings and new development project review.
- New construction and fire protection system plan review and inspections.
- Annual inspections for operational permits as specified in California Fire Code, as well as regular inspections on state mandated or state regulated occupancies.
- Administering public education programs, distributing information, coordinating and attending public events in order to provide fire safety education and risk awareness.
- Inspections and/or serving as a fire safety officer standby at special public events or when certain fire safety hazards or regulated activities are involved.

Fees for these services are charged to the end user and are collected by the SBCFPD at a rate that recovers the costs incurred. Upon annexation of the HFPD, fire powers into the SBCFPD all fire prevention programs, staffing and services will continue at a level equal to or greater than the current level.

A. Pre-development Planning

SBCFPD will continue to assign members of the Fire Prevention Planning and Engineering Section to coordinate and participate in the City's development review process. This allows SBCFPD personnel to convey Fire Code requirements to

contractors and developers interested in developing projects within the City. The Fire Prevention Planning and Engineering personnel will also review proposed developments, inspect proposed development sites, meet with City and County Building Officials, Planners and staff to make appropriate recommendations to developers.

B. Plan Submittal Review

The Fire Prevention Planning and Engineering Section will review all residential, commercial, industrial, and manufacturing plans as well as tract maps for compliance with the appropriate fire and building codes as well as local ordinances and standards. The Prevention personnel will provide written comments to proposed developers and contractors regarding conditions and requirements for their projects and/or proposed developments. The Prevention staff will be available for questions pertaining to the proposed projects or developments.

C. Development Inspection

SBCFPD will provide site inspections of all developments within the City requiring such inspections. Fire inspection personnel will coordinate and schedule inspection dates and times with contractors and developers.

D. Post Occupancy Inspections

Pre-Fire Planning - SBCFPD will perform pre-fire inspection service assessments. An assigned Engine company will perform these inspections through a coordinated effort with the Fire Prevention Division.

Permit Inspection and Permit Issuance - SBCFPD will provide annual inspections and permit issuance for occupancies as outlined in the California Fire Code and any County or City ordinances.

New Business Review - SBCFPD will perform new business occupancy inspections upon request from Land Use, Planning and Building and Safety. The expectation would be for Building and Safety to notify SBCFPD when a new business is being considered for a business license.

E. California Fire and Building Code Administration

SBCFPD administers the San Bernardino County Fire Code as amended from the California Fire Code as well as State Fire Marshal regulated sections of the California Building Code. A committee was established under the direction of the San Bernardino County Fire Chiefs' Association whose sole responsibility is to monitor changes, code adoptions and prepare staff reports with recommendations to the Fire Marshal for ordinance amendments and for proper interpretation of the San Bernardino County Fire Code.

F. Hesperia City Fire Code Administration

The Hesperia City Council recently adopted the 2016 California Fire Code – the same version currently in use by County Fire. As part of the annexation process, SBCFPD proposes that related County ordinances and fee schedules would be enforced by the county, supplanting the City’s HFPD current fee schedule and ordinances and the CFC would be enforced by SBCFPD with no need for the Hesperia City Council to take future actions.

G. Weed Abatement

County Code Enforcement performs vegetation risk assessments via a contract with SBCFPD within the County. This service has been a recognized part of the Fire Service Contract with the City of Hesperia since its inception in 2004. Property owners are required to abate their property of weeds and vegetation that could create a fire hazard and pose a potential threat to adjacent properties. Property owners are given written notice to abate within a specified time frame to remain in compliance. If voluntary compliance is not obtained, there is an administrative citation process and a property lien process available depending on how compliant the property owner wishes to be.

H. Fire and Arson Investigations

SBCFPD will provide fire investigative services and Fire Code law enforcement twenty-four hours per day to the City. Fire and arson investigation services have been provided by SBCFPD Arson Investigation Unit within the Community Safety Division. Current staffing levels of investigators on duty will continue to be maintained. Investigators who perform these duties are armed Peace Officers and will conduct fire investigations for cause and origin, and will participate in criminal investigations for arson cases, and assist the local law enforcement agency and County District Attorney with the prosecution of such cases.

SBCFPD also participates with the San Bernardino County Arson Task Force (SBCATF) under a cooperative agreement. The SBCATF provides additional investigations services for large scale and difficult to manage investigations without additional costs to jurisdictions.

I. Public Education and Special Events

Public education and special event management will be provided through SBCFPD Community Safety Division with trained Fire Prevention Specialists. SBCFPD’s public education programs include education for kindergarten through twelfth grade, the Juvenile Fire Setter Intervention program and customized program delivery for senior citizens.

Special event management incorporates all large venue events such as the California Speedway and San Manuel Amphitheater as well as specialized management for

individual jurisdiction's events. The Special Events Unit provides permitting and inspection services for all special events within County Fire's service area.

J. Household Hazardous Waste (HHW)

The California Public Resources code, section 41500 and the California Health and Safety code section 25218 require Counties and Cities to provide for the proper collection, handling and disposal of HHW. SBCFPD jointly operates a regional HHW program with all cities except Fontana. The agreement allows for cities and county residents to utilize any and all of the fourteen permanent HHW collection facilities and temporary collection events.

SBCFPD and the City of Hesperia have a current HHW agreement that expires in 2022 (Contract attached as Appendix B). The agreement is a separate contract for the provision of HHW service, and will not effect – nor be effected by the annexation process. Under the terms of this agreement the City is responsible for maintaining and securing the HHW facility that is located at the unmanned Fire Station 303. Upon annexation, SBCFPD will assume security and maintenance of the HHW facility and will continue to staff the facility as outlined in the Agreement. The facility will continue to accept HHW from all County residents and city of Hesperia residents will continue to use any and all of the HHW collection facilities county-wide.

K. Certified Unified Program Agency (CUPA)

Annexation will have no effect on CUPA operations. SBCFPD is designated by the Secretary of California Environmental Protection Agency as the CUPA for the County of San Bernardino. (CUPA Documentation attached as Appendix C)

4. Dispatch/Communications

County Fire utilizes the Confire JPA (CommCenter) Dispatch Center located in Rialto. County Fire will continue the use of the trunked Motorola 800 MHz radio system for all apparatus and staff vehicles and the County 900 MHz paging system. The Confire system also provides Automatic Vehicle Locators (AVL), Commercial tablets (IPAD), and Wi-Fi hotspots on all units to support the latest generation of Computer Aided Dispatch (CAD) and support. The Confire system dispatches the closest available unit by using the call location and real time AVL information to determine the closest unit. The IPAD's provide call details, mapping and pre-plan information. Patient Care Reports are generated on tablet computers that are linked through the Wi-Fi hotspot to the call data.

Confire is also a certified provider of a Medical Priority Dispatch System (MPDS). The system is a medically approved, unified system used to dispatch appropriate aid to medical emergencies including systematic caller interrogation and pre-arrival instructions. MPDS starts with the dispatcher asking the caller key questions. These questions allow

the dispatchers to categorize the call by chief complaint and set a determinant level ranging from A (minor) to E (immediate life threatening) relating to the severity of the patient's condition. The appropriate response is dispatched then augmented based on the determinant level. Two person paramedic ambulances respond to A and B level calls without an engine company. This approach accomplishes two goals: ensuring a response and evaluation to all 911 calls for service and keeping engine companies available and in their areas for higher level calls, including fires or other related emergencies. SBCFPD will continue to serve the City with five paramedic ambulances which will respond to all medical aid calls in addition to providing medical transport to the most appropriate approved receiving facility. The Confire JPA also provides the network connectivity for all San Bernardino County Fire Stations to allow for system inter-action of various County Fire programs and management tools.

A. Estimated Average Response Time for Incident Response

SBCFPD's goal is to meet the National Fire Protection Association (NFPA) 1710 recommendations for the arrival of the first unit in five minutes and the first alarm in eight minutes but only meets this in some urban areas. Ninety percent of SBCFPD's calls are processed and dispatched in less than two minutes and eighteen seconds. Due to improvements in call processing time and as a result of utilizing County Fire Station 22, response times are expected to be equal to current levels.

5. Administration

A. Liaison to the City Manager

The Fire Chief of the SBCFPD will assign an Assistant Chief as the Fire Chief for the City of Hesperia. The Assistant Chief shall act as liaison to the City Manager and Council regarding fire protection, rescue and emergency medical services issues.

B. Meeting Attendance

The assigned Assistant Chief will attend all meetings as requested by the City. They or a designee will also attend council meetings and make appropriate reports on the activities of SBCFPD.

C. Reports and Records

SBCFPD maintains a variety of records that are typically maintained by fire departments. These records include emergency responses, company inspections, facility and equipment safety inspections, equipment repairs, employee time reports, etc. Quarterly staff reports, review and adoption of related codes, and other related reports requested by the City and/or City Manager will be provided in a reasonable time-frame that is mutually agreed upon by both parties.

D. Fire Complaints and Public Information

SBCFPD understands the need for positive, engaged community relationships, which is a major value for the SBCFPD organization. The values cited in SBCFPD's Mission Statement would be applied equally in the City. Information requested through the Public Information Act is readily available through division headquarters or fire department administrative headquarters. SBCFPD has an established fee schedule and members of the public wishing copies of documents are subject to the appropriate fees.

E. City of Hesperia Identity

SBCFPD will work with the City Manager or his/her designee to maintain community identity in the City of Hesperia. This would include equipment identification, fire station signage, reports and records. SBCFPD's customer service philosophy is focused on meeting the needs of the customer in the shortest reasonable timeframe, without numerous referrals or transfers to other departmental or city agencies, and being courteous, polite, and helpful in every manner.

F. Financial Management

SBCFPD will provide the City with financial reports as appropriate. SBCFPD will also work with the City to provide these reports in an acceptable format and include any reasonably obtainable information.

G. CFD Transfer

Upon certification of the LAFCO annexation process, the City of Hesperia CFD-94-01 shall be transferred to the SBCFPD account 590-002-2442 through LAFCO pursuant to Government Code Section 56886(u). 100% of this CFD is designated to "pay for expenses associated with providing fire suppression and emergency medical services". The 2017-18 levy includes 3,250 parcels for a total revenue of \$615,937. This funding shall continue to be used for ongoing maintenance and operations to facilitate the continued service provided to the CFD boundaries.

CFD 2005-1 (Belgate Development Project) is a Mello-Roos Special Tax administered by the City of Hesperia. On December 18, 2014, CFD 2005-1 issued the Special Tax Refunding Bonds, Series 2014 for \$18,450,000 with maturities through 2035 ranging from \$350,000 to \$2,025,000; with an average coupon rate of 4.606%. The 2017-18 levy will include 885 parcels for a total revenue of \$1,728,333. The CFD includes a public safety portion of \$505,149 designated at 55% for Law Enforcement (\$277,832) and 45% for fire suppression and emergency medical operations (\$227,317). The amount reflected in the 5-year financial projections represent the 45% fire funding portion. This funding shall continue to be used for ongoing maintenance and operations to facilitate the continued service provided to the property within the CFD 2005-1 boundaries.

While the administration of CFD 2005-1 will remain with the City of Hesperia, from the date of annexation certification, the revenue from the fire portion of CFD 2005-1 shall be payable to the SBCFPD. CFD 2005-1 bond covenants require the City of Hesperia to ensure that the annual bond payments are paid prior to recognizing the public safety revenue or reimbursing for CFD administration costs. Annually, within 30 days (on or about August 15) of receipt of the final apportionment of funds from the County of San Bernardino Auditor-Controller/Tax Collector (on or about July 15), the City of Hesperia shall calculate the appropriate distribution of funds and remit the same to the SBCFPD account code 590-002-2442. An annual audit will be provided with the net distribution of funds. Any audit fees incurred for the purpose of CFD reconciliation beyond the City of Hesperia's normal audit costs shall be paid from the CFD 2005-1 public safety-fire remittance. The distribution shall be designated as SBCFPD revenue and shall continue in perpetuity.

If a future action by the City of Hesperia City Council were to eliminate CFD-2005-1, without initiation by property owners of CFD 2005-1, the funds being remitted to the SBCFPD would still be owed and would be paid by the City of Hesperia at the same calculated rates. However, if the property owners of CFD 2005-1 vote to terminate CFD 2005-1 after the retirement of the bonds, then the City of Hesperia is no longer obligated to forward or pay SBCFPD the CFD 2005-1 'public safety-fire' amount. If a court of the State of California rules, either directly or indirectly, that such assessments are illegal, or if the voters of the State of California elect action that ends such assessment districts, then the City of Hesperia is not obligated to continue the payments to the SBCFPD.

H. RDAPass Through

The Auditor-Controller's office will provide additional information regarding the permanent transfer of all redevelopment agency "pass through" funding to the SBCFPD. Current and future RDA funds designated for fire services will be transferred to the SBCFPD account 590-002-2442.

I. Discussion on Special Tax

The HFPD has elected to seek annexation without additional special tax funding considerations.

J. Hesperia FPD Pension Liability through CalPers for Legacy Retirement Obligations

1. The HFPD will remain intact as an entity for the sole purpose of continued administration and payment of their pension liability through CalPers for

legacy retirement obligations. The City of Hesperia – acting as the HFPD will continue to administrate and be responsible for annual payments to satisfy their CalPers obligation.

2. The SBCFPD will not assume any responsibility or liability for accumulated or future pension liability through CalPers for HFPD legacy retirement obligations.

K. Fire Related Property Tax Revenues

1. A portion of the total fire related property tax revenue types that the HFPD receives in 2017-18 equalling \$644,014 will be directed to the City of Hesperia General Fund by the Auditor Controller to facilitate the ongoing payment of the HFPD's CalPERS legacy obligation. This allocation will be converted to a percentage share of property tax revenues for successive years and shall continue in perpetuity. The City of Hesperia has accepted the responsibility to continue making the legacy CalPers payments until the obligation is fully satisfied at which time these tax revenues revert to the City of Hesperia to use as they direct.
2. All other HFPD Fire related property taxes will be permanently redirected by the Auditor-Controller's to the SBCFPD as follows:
 - a. The SBCFPD will continue to provide administrative support to the entire North Desert Improvement Zone. Six percent (6%) of the remaining fire related property tax revenue will be directed to SBCFPD account 106-100-2410 to offset the cost of providing administrative services in this area.
 - b. The balance of the total fire related property tax revenue will be directed to the SBCFPD; North Desert Service Zone account 590-002-2442.

L. Ambulance and Emergency Medical Services

The HFPD is a recognized H&S Code 1797.201 provider of Advanced Life Support Ambulance transportation services. These "201" rights will transition through the LAFCO process to SBCFPD concurrent with the transfer of Emergency Medical Services responsibility for EOA

- The SBCFPD intends to continue to provide Advanced Life Support care and transportation services in the same scope and manner as it currently exists.

- Letter from HFPD requesting transfer of H&S Code 1797.201 EMS rights attached as Appendix **D**.
- Letter from ICEMA requesting transfer of H&S Code 1797.201 EMS rights attached as Appendix **E**.

M. Ambulance Paramedic Subscription Service

The HFPD has historically had an Ambulance Paramedic Subscription Service that could be joined by residents on an optional basis. It's an annual subscription type revenue wherein the resident, living within the Hesperia Fire Protection District, may pay an annual rate of \$75 and can then have the paramedic service co-pay or deductible 'written-down' if transported to the nearest or most appropriate emergency department. The City of Hesperia memorandum dated July 11, 2017 details the fiscal impact of this service. The entire program is comprised of only 133 "members" and has little financial effect on the District. The SBCFPD proposes to close the program to new members.

The existing members will be combined into the SBCFPD Ambulance Paramedic Subscription Service. The only impact to them will be a fee reduction to \$65 per year to be consistent with the global Ambulance Paramedic Subscription Service in other areas of the County. This program will be reduced through attrition, but will be continued as long as the County Ambulance Paramedic Subscription Service is intact. If the global program is eliminated, then the members transitioned from the HFPD program will be eliminated as well. This elimination would occur through the refusal to renew a subscription and would terminate upon the service expiration date. Over the last six years the average net fiscal impact has shown a loss of \$894.99. Consequently, the elimination of this service would not have any significant fiscal impact on the overall financial wellbeing of the SBCFPD.

6. Facilities and Equipment

A. Buildings

All buildings and property of the HFPD are proposed to become property of SBCFPD following completion of the annexation. An inventory and final disposition will be concluded during negotiations as part of the annexation process. For those properties transferred, SBCFPD will then be responsible for all future maintenance, repairs and replacement of fire facilities in the City. (See Table 4)

B. Equipment

All HFPD vehicles, equipment on the vehicles and miscellaneous equipment would become property of SBCFPD following completion of the annexation process. SBCFPD would be responsible for all future maintenance, repairs and replacement of vehicles and equipment deployed in the City. (See Table 5)

7. Miscellaneous

A. Personnel

All personnel that currently work within HFPD boundaries are SBCFPD employees by virtue of a contract for service currently in place between the HFPD and SBCFPD. The annexation process will have no impact to these personnel.

B. Workers Compensation Insurance

Under the current service contract workers compensation is provided by SBCFPD in accordance with State law and its own policies and requirements. The HFPD will have no responsibility for workers compensation expenses or administration after the date of reorganization other than existing legacy workers' compensation costs incurred during the term of the existing contract between SBCFPD and HFPD.

C. Vehicle and Liability Insurance

Vehicle ownership along with vehicle liability insurance is proposed to be transferred to SBCFPD. The HFPD will have no responsibility for vehicles or equipment expenses or administration after the date of annexation.

D. Subcontractors

County Fire does not intend to subcontract any portion of the service described herein.

E. Legacy Unfunded Retirement Liability

The HFPD will remain with the sole purpose of servicing and making payments to CalPERS for legacy retirement liability. The HFPD will remain a subsidiary district of the City of Hesperia who will have the responsibility of ensuring required payments to CalPERS are made. S B C F P D will have no obligation for this liability.

Upon LAFCO issuing the Certificate of Completion for the annexation, the HFPD will transfer their 502 CIP/Reserves fund account in one lump payment in it's entirety minus \$750,000 to establish a fund for CalPERS payments from HFPD reserves being transferred to SBCFPD. The City of Hesperia shall make further payments on behalf

of HFPD with funds provided as described in the Financial Analysis Report. (Attached as Appendix F)

8. Service/Staffing Plan

A. Facilities and Equipment

SBCFPD will take ownership of all stated facilities and vehicles upon completion of the annexation.

B. Equipment and Station Replacement Fund

Once the annexation process is completed SBCFPD proposes to establish a capital replacement program for the replacement of HFPD property and remodeling or replacement of stations as needed. SBCFPD proposes the vehicle replacement program be based on an age replacement schedule. Some vehicles may need replacement sooner while others may be extended depending on the mechanical history of the vehicle. Any replacement schedule will need to meet SBCFPD's available funding and replacement policies. SBCFPD recommends the following vehicle and apparatus replacement schedule:

Table 2. Proposed Vehicle Apparatus and Replacement Schedule

• Engine	20 years (10 to 12 years frontline/8 to 10 years reserve)
• Ladder Truck	20 years (10 to 12 years frontline/8 to 10 years reserve)
• Water Tender	20 years
• Brush Engine	20 years
• Squad/Ambulance	7 years (5 years frontline/2 years reserve)
• Staff Vehicle	7 years
• Command Vehicle	7 years (5 years frontline/2 years reserve)

Through the annexation process full evaluation of the status of the HFPD's vehicles, assets, and stations will be performed. SBCFPD estimates the needs for the replacement fund at approximately \$400,000 to \$500,000 per year to fund equipment and station replacements into the future.

C. Service Level

The three identified fire stations would be staffed daily with 19 full-time employees as shown in the table below. There is no reduction from the staffing currently provided under contract. Each unit would provide Advanced Life Support services and the fire stations will be supervised by a Battalion Chief who will be on-duty twenty-four hours per day, seven days per week and respond to all incidents requiring a Chief Officer within the City. County Fire Station 22 would cover a portion of the

northeast area of the city. A future goal would be to add an additional paramedic ambulance or paramedic squad to run the high volume of low priority medical aids in the City. This plan would use the Priority Dispatch Program to reduce the call volume for the engine companies and keep them available in their areas for major emergencies.

The annual estimated cost for this staffing plan including station and equipment replacement is \$10,541,327 on estimates of fiscal 2017/18 costs and will be refined in the annexation process. This cost relies upon the application of property tax revenues and CFD tax revenues in order to fund the level of service.

Table 3. Proposed Service and Staffing Plan

Position	#	Annual Operating Cost
Assistant Chief	0.4524	142,832
Battalion Chief	1.3572	305,855
Captain	6.0	1,285,770
Engineer	9.0	1,644,930
Firefighter/PM	6.0	904,734
Ambulance Operator PM	15.0	1,090,170
Ambulance Operator EMT	15.0	897,210
Collection Officer	2.0	146,270
PSE Ambulance Billing	1.0	25,033
Total Personnel Costs	55.81	6,442,805
Admin Services and Supplies		2,147,061
Station Expenses		824,829
Administration Overhead		631,470
HHW Collections		5,118
* Fire Prevention		479,581
Total Services and Supplies		\$4,088,059
Capital Improvement		375,000
Total		\$10,905,864

* Fire Prevention includes 50% funding of Fire Prevention Supervisor, Fire Prevention Specialist, Fire Prevention Officer, Office Assistant III, and Front Counter Technician. Also included are Services and Supplies for Fire Prevention.

Daily Staffing:

- Station 301 - REMAINS CLOSED (Property Transfers / Untenable buildings undergoing demolition. Demolition of the Fire Station Building and the Apparatus Bay butler building will be the responsibility of the City of Hesperia and are planned to be completed prior to the anticipated annexation transfer date.)
- Station 302 - Paramedic Engine and two Paramedic Ambulances
(Captain, Engineer, FF/PM + AO/PM, AO/EMT + AO/PM, AO/EMT)
- Station 303 - Household Hazardous Waste Facility
(Two HHW Technicians
Tuesdays and Thursdays, 9:00am – 1:00pm; Saturdays, 9:00am – 3:00pm)
- Station 304- Paramedic Ladder Truck and two Paramedic Ambulances
(Captain, Engineer, FF/PM + AO/PM, AO/EMT + AO/PM, AO/EMT)
- Station 305 - Paramedic Engine and Paramedic Ambulance
(Captain (County Paid), Engineer, FF/PM (County Paid) + AO/PM, AO/EMT)

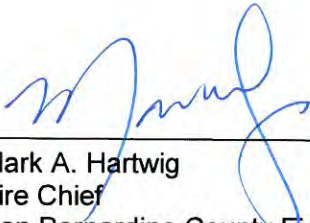
TABLE 4					
TRANSFERRED BUILDINGS AND FACILITIES					
Appendix	Station Designator	Street Address	APN Number	APN Number	APN Number
Appendix G	Station 301	9430 11th Ave	0409-032-23-0000	0409-032-24-0000	0409-032-25-0000
Appendix H	Station 302	17288 Olive St	0410-182-28-0000		
Appendix I	Station 303	17443 Lemon St	0410-021-42-0000		
Appendix J	Station 304	15660 Eucalyptus St	0406-072-24-0000		
Appendix K	Station 305	8331 Caliente Rd	3039-351-09-0000		

Preliminary Titles Attached as Appendices G – K as described.

**TABLE 5
TRANSFERRED VEHICLES AND EQUIPMENT**

Yr	Make	Model	Lic No	Assignment
2007	FORD	EXPEDITION 4X4	1245291	BC141
1992	INTERNATIONAL	4900	346599	WT14
2007	KME	PREDATOR 6925	1245517	ME301
2007	KME	PREDATOR 6926	1245518	ME302
1999	E-1	QUINT	1031897	MT304
1997	INT/MASTER BODY	4800 4X4	053557	BE302
1997	E-1	CYCLONE	043621	ME304A
2006	KME	EXCEL 6411	1245255	ME301
2006	PIERCE	ARROW		MT304
1998	INT/MASTER BODY	4800 4X4	043437	WT301
2015	FORD/WHEELED COACH	F450 4X4	1423186	MA304
2006	FORD	F350 4X4	1235255	MA305A
2007	FORD/MEDTEC	F350 4X4	1243257	MA302A
2008	FORD/MEDTEC	F350 4X4	1281326	MA304
2008	FORD/MEDTEC	F350 4X4	1281351	MA305
2003	FORD	F350	1321016	MA302
2003	WELLS CARGO	TRAILER	1220447	HM304
1998	CHEVROLET	C3500	377968	UT304
2013	FORD/WHEELED COACH	F450 4X4	1409739	MA301
2007	FORD	EXPEDITION 4X4	1245288	BC140
2016	FORD	F450 4X4	***NEW***	MA305
1980	KOHLER	15RMH62		STA 301
1996	GENERAC	96A05507-5/4ZK06496		STA 304
2009	CATERPILLAR	LC5		STA 305
1985	CLARK	CCS25MB		PROGRAM

I hereby certify that the statements furnished above and the documents attached present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief as of the date prepared. This plan may be revised and updated through the LAFCO process as more information becomes available.



Mark A. Hartwig
Fire Chief
San Bernardino County Fire District

Date 10-4-2017



Nils Bentson
City Manager
Hesperia Fire Protection District

Date 10-5-17

1/19/2018 REVISED Hesperia Fire Protection District Five Year Financial Analysis		2016/2017 Current Contract	Cost Per Position Forecast FY 2017/18	FY 2017/2018 Forecast	FY 2018/2019 Forecast	FY 2019/2020 Forecast	FY 2020/2021 Forecast	FY 2021/2022 Forecast	FY 2022/2023 Forecast
Expenditures:									
	<i>Inflation Rate</i>				3.0%	3.0%	3.0%	3.0%	3.0%
Staffing									
Station 302 (ME and 2 MA's)									
Captain	3.00	647,355	214,295	642,885	662,172	682,037	702,498	723,573	745,280
Engineer	3.00	564,054	182,770	548,310	564,759	581,702	599,153	617,128	635,642
Firefighter / Paramedic	3.00	455,664	150,789	452,367	465,938	479,916	494,314	509,143	524,417
Ambulance Operator / Paramedic	6.00	409,290	72,678	436,068	449,150	462,625	476,503	490,798	505,522
Ambulance Operator / EMT	6.00	346,974	59,814	358,884	369,651	380,740	392,162	403,927	416,045
Station 304 (MT and 2 MA's)									
Captain	3.00	647,355	214,295	642,885	662,172	682,037	702,498	723,573	745,280
Engineer	3.00	564,054	182,770	548,310	564,759	581,702	599,153	617,128	635,642
Firefighter / Paramedic	3.00	455,664	150,789	452,367	465,938	479,916	494,314	509,143	524,417
Ambulance Operator / Paramedic	6.00	204,645	72,678	436,068	449,150	462,625	476,503	490,798	505,522
Ambulance Operator / EMT	6.00	173,487	59,814	358,884	369,651	380,740	392,162	403,927	416,045
Station 305 (ME and 1 MA) (Cost share with County)									
Engineer	3.00	564,054	182,770	548,310	564,759	581,702	599,153	617,128	635,642
Ambulance Operator / Paramedic	3.00	409,290	72,678	218,034	224,575	231,312	238,252	245,399	252,761
Ambulance Operator / EMT	3.00	346,974	59,814	179,442	184,825	190,370	196,081	201,964	208,022
Administration and Chief Officers									
Assistant Chief (Cost spread through the Division)	0.45	131,295	315,721	142,832	147,117	151,531	156,077	160,759	165,582
Battalion Chief (Cost spread through the Division)	1.36	303,386	225,357	305,855	315,030	324,481	334,215	344,242	354,569
Collection Officer (Ambulance Billing)	2.00	133,248	73,135	146,270	150,658	155,178	159,833	164,628	169,567
PSE (Ambulance Billing)	1.00	19,080	25,033	25,033	25,784	26,558	27,354	28,175	29,020
Fire Prevention									
Fire Prevention Supervisor	0.50	116,840	170,884	85,442	88,005	90,646	93,365	96,166	99,051
Fire Prevention Officer / Arson	0.50	88,337	219,586	109,793	113,087	116,479	119,974	123,573	127,280
Fire Prevention Specialist	0.50	55,029	140,572	70,286	72,395	74,566	76,803	79,108	81,481
Fire Prevention Officer	0.50	51,879	129,351	64,675	66,616	68,614	70,673	72,793	74,977
Front Counter Technician	0.50	32,750	81,411	40,706	41,927	43,185	44,480	45,815	47,189
Office Assistant III	0.50	23,217	57,714	28,857	29,723	30,614	31,533	32,479	33,453
TOTAL STAFFING	58.81	6,743,921		6,842,563	7,047,840	7,259,275	7,477,053	7,701,365	7,932,406
	<i>Inflation Rate</i>			2.0%	2.0%	3.0%	3.0%	3.0%	3.0%
Administration Services and Supplies									
Dispatch (CONFIRE)				385,639	393,352	405,152	417,307	429,826	442,721
MIS (CONFIRE)				158,927	162,106	166,969	171,978	177,137	182,451
800 Radio / Paging / Maintenance				31,345	31,972	32,931	33,919	34,937	35,985
County Overhead / HR / Payroll / ATC				768,060	783,421	806,924	831,132	856,065	881,747
Equipment				84,923	86,621	89,220	91,897	94,654	97,493
Professional Services				185,250	188,955	194,624	200,462	206,476	212,671
Office Expenses				11,594	11,826	12,181	12,546	12,922	13,310
Maintenance				92,857	94,714	97,556	100,482	103,497	106,602
Miscellaneous				117,209	119,553	123,140	126,834	130,639	134,558
Insurance				276,373	281,900	290,357	299,068	308,040	317,281
MIS Equipment Replacement				34,884	35,582	36,649	37,749	38,881	40,047
Total		1,431,653		2,147,061	2,190,002	2,255,702	2,323,373	2,393,075	2,464,867
Station Expenses									
Vehicle Maintenance/Fuel				425,658	434,171	447,196	460,612	474,431	488,663
Utilities				107,892	110,050	113,351	116,752	120,254	123,862
General Maintenance				42,479	43,329	44,628	45,967	47,346	48,767
Medical Supplies				235,300	240,006	247,206	254,622	262,261	270,129
Clothing				13,500	13,770	14,183	14,609	15,047	15,498
Total		1,012,389		824,829	841,326	866,565	892,562	919,339	946,919
Prevention Services and supplies									
MIS (CONFIRE)				17,490	17,840	18,375	18,927	19,494	20,079
800 Radio / Paging / Maintenance				1,381	1,409	1,451	1,495	1,540	1,586
Equipment				2,713	2,767	2,850	2,935	3,023	3,114
Professional Services				15,629	15,941	16,420	16,912	17,420	17,942
Office Expenses				7,415	7,563	7,790	8,024	8,265	8,513
County Overhead / HR / Payroll / ATC				17,610	17,962	18,501	19,056	19,627	20,216
Miscellaneous				4,176	4,258	4,387	4,518	4,654	4,794
Insurance				7,246	7,391	7,612	7,841	8,075	8,317
Vehicle Maintenance/Fuel				6,163	6,287	6,475	6,669	6,870	7,076
Total		48,176		79,822	81,418	83,861	86,377	88,968	91,637
Household Hazardous Waste Collection		6,010		5,118	5,220	5,377	5,538	5,704	5,876
Administration and Overhead Costs		566,837		631,470	644,099	663,422	683,325	703,825	724,940
TOTAL SERVICES and SUPPLIES		3,065,065		3,688,300	3,762,066	3,874,928	3,991,176	4,110,911	4,234,238
Total Staffing and Services / Supplies (County Fire Contract)		9,808,986		10,530,864	10,809,906	11,134,204	11,468,230	11,812,276	12,166,644
Other Costs									
Household Hazardous Waste Contract		152,686		157,267	161,985	166,844	171,849	177,005	182,315
Other Administration Costs		94,243		57,766	0	0	0	0	0
Capital Expenses (Vehicles and Buildings)		344,000		0	180,000	183,600	187,272	191,017	194,838
Sub-total Other Costs		590,929		215,033	341,985	350,444	359,121	368,022	377,153
HFPD CalPERS		377,601		675,542	0	0	0	0	0
Total Other Costs		968,530		890,575	341,985	350,444	359,121	368,022	377,153
TOTAL EXPENDITURES		10,777,516		11,421,439	11,151,891	11,484,648	11,827,351	12,180,298	12,543,797

Revenue:									
Property Tax Revenue	4,208,332		4,491,739	4,209,245	4,261,901	4,349,652	4,468,920	4,592,348	
Property Tax-RDA Pass Through (Operations Fund 200)	1,708,007		1,869,469	1,766,648	1,854,981	1,947,730	2,045,116	2,147,372	
Property Tax-RDA Pass Through (Capital Fund 502)	767,365		850,658	803,872	844,065	886,269	930,582	977,111	
Property Tax-VVEDA Pass Through	154,053		161,763	152,866	160,509	168,535	176,962	185,810	
Sub-total Property Taxes	6,837,757		7,373,629	6,932,631	7,121,457	7,352,185	7,621,580	7,902,641	
Sub-total Property Taxes to FPD 1000 Admin (6%)	410,265		442,418	415,958	427,287	441,131	457,295	474,158	
Sub-total Property Taxes to FNZ 1000 Operations (94%)	6,427,492		6,931,211	6,516,674	6,694,169	6,911,054	7,164,285	7,428,482	
Special Assmt-CFD 94-01	596,936		621,896	634,334	647,021	659,961	673,160	686,623	
Special Assmt-CFD 2005-1	222,793		227,249	231,794	236,430	241,158	245,982	250,901	
Use of Money and Property	63,579		93,904	53,326	53,326	53,326	53,326	53,327	
Charges for Service	3,383,523		3,252,752	3,317,807	3,384,163	3,451,846	3,520,883	3,591,301	
Grants	0		0	0	0	0	0	0	
Household Hazardous Waste	152,686		157,267	161,985	166,844	171,849	177,005	182,315	
Other revenue	4,216		2,200	80,906	80,906	37,936	37,936	37,936	
TOTAL DISTRICT REVENUE	11,261,490	0	11,728,897	11,412,783	11,690,146	11,968,262	12,329,872	12,705,045	
Revenue Over (Under) Expenditures	483,974		307,458	260,892	205,499	140,911	149,574	161,248	
Fund Balance									
Beginning Fund Balance/Reserves	5,156,622		4,293,324	4,600,782	4,111,675	4,317,174	4,458,085	4,607,659	
Revenue Over (Under) Expenditures	(863,298)		307,458	260,892	205,499	140,911	149,574	161,248	
One-Time Payment to HFPD	0		0	(750,000)	0	0	0	0	
TOTAL Ending Balance of Reserves	4,293,324		4,600,782	4,111,675	4,317,174	4,458,085	4,607,659	4,768,907	

Notes:

Salaries and Benefits are increased by Staffing Inflation Rate

Service and Supplies are increased by Service and Supply Inflation Rate

PERS amounts provided in November 2015 CalPERS report, page 5.

Household Hazardous Waste is cost to operate facility

Other Administration Costs For FY 2016/17 Include Post Employment Benefits, Financial Audit, CFD Administration, CalPers Report, State Controller Reporting. For FY 2017/18 and Beyond Post Retirement Benefits and CFD Administration if required.

Secured/Unsecured Property Taxes are increased 5.000% (over the 2016/17 Revised of \$3,914,090) for FY 2017/18 and 2.980% annually thereafter; HOPTR is decreased 4.000% annually

Secured is decreased 6.000% annually; Prior Supplemental is increase 2.980% annually.

Secured/Unsecured Property Taxes have been reduced to reflect the 1.4916% share of 1% general tax levy that will be going directly to the City.

Charges For Service are Increased 2.0% Annually

Additional revenues listed for cell tower leases under fy18/19 &19/20 (agreement completed in 2020). All other revenues unchanged.

I hereby certify that the statements furnished above and the documents attached presented the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief as of the date prepared. This plan will be revised and updated through the LAFCO process as more information becomes available.

Mark A Hartwig	Date	Nils Bentsen	Date
Fire Chief		City Manager	
San Bernardino County Fire District		Hesperia Fire Protection District	

City of Hesperia - FY 17/18 Proposed Contract Annual Budget

Salaries and Benefits	Number of Positions	Average Cost Per Position	SBCFPD Proposed Existing Staffing
Suppression			
Captain	6	214,295	1,285,770
Engineer	9	182,770	1,644,930
Fire Fighter/PM	6	150,789	904,734
Ambulance Operator/EMT	15	59,814	897,210
Ambulance Operator/PM	15	72,678	1,090,170
Suppression Total	51		\$ 5,822,815
Non-Suppression			
Collection Officer	2	73,135	146,270
PSE	1	25,033	25,033
Non-Suppression Total	3		\$ 171,303
Chief Officers			
SBCFPD Assistant Chief 45.24% of (1)	0.4524	315,721	142,832
Battalion Chief 45.24% of (3)	1.3572	225,357	305,855
Chief Officers Total	1.8096		\$ 448,687
Total Salaries and Benefits	55.81		\$ 6,442,805
Operating Expenses			
Services and Supplies (includes costs formerly budgeted in Stations, such as insurances and other uncontrollable costs)			2,147,061 715,408
Station Expenses			
C301			148,038 (91,150)
C302	\$30k increase		314,711 (17,048)
C304			201,926 19,137
C305 (city portion)			160,154 (98,499)
HHW Collection Station			5,118 (892)
Fire Prevention (Includes charges for 3 FTEs)		\$	479,581 \$ 63,352
Total Operating Expenses		\$	3,456,589 (125,100)
Administrative Overhead Costs			631,470 64,633
Total S&B and Operating Expenses		\$	10,530,863
Total Annual Requirements		\$	10,530,863

It is mutually agreed by the undersigned that this document outlines a month to month "continuation only" contract for the provision of fire, rescue and emergency medical services. The contract as negotiated includes no service enhancements in order to facilitate the current annexation process between the Hesperia Fire Protection District and the San Bernardino County Fire District.

It is further understood that revenues may be passed between the Hesperia Fire Protection District and the San Bernardino County Fire District to facilitate ongoing service.

This contract is payable on a monthly basis and will terminate upon successful certification of the annexation by LAFCO. In the event that the LAFCO annexation process is unsuccessful or terminated by the Hesperia Fire Protection District, then this zero growth contract will be terminated and a new unique contract for Emergency Services and Fire Protection may be negotiated to fulfill the remainder of the fiscal year. Any newly negotiated contract will contain provisions that the City of Hesperia and the Hesperia Fire Protection District will be responsible for any further accrued unfunded liability for said contracted employees, as set forth by SBCERA."

Mark Hartwig, Fire Chief SBCFPD

Date

Nils Bentsen, City Manager

Date



**SAN BERNARDINO COUNTY
FIRE PROTECTION DISTRICT**

F A S

STANDARD CONTRACT

FOR OFFICIAL USE ONLY

<input type="checkbox"/> New	FAS Vendor Code		SC		Dept.	FNZ	A	Contract Number	
<input checked="" type="checkbox"/> Change									04-335 A-10
<input type="checkbox"/> Cancel									
ePro Vendor Number							ePro Contract Number		
					Dept.	Orgn.	Contractor's License No.		
San Bernardino County Fire Protection District					580	C300			
Contract Representative					Telephone		Total Contract Amount		
Don Trapp, Deputy Chief of Operations					(909)387-5779		NTE \$10,530,863		
Contract Type									
<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:									
If not encumbered or revenue contract type, provide reason:									
Commodity Code			Contract Start Date		Contract End Date		Original Amount		Amendment Amount
			7/1/17		6/30/18		\$9,808,986		\$ 10,530,863
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.		Amount		
FNZ	590	C300	70	9800			\$		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.		Amount		
							\$		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.		Amount		
							\$		
Project Name				Estimated Payment Total by Fiscal Year					
Fire Protection & Emergency				FY	Amount	I/D	FY	Amount	I/D
Medical Services Agreement				17/18	10,530,863	I			
With the									
Hesperia Fire Protection District									

THIS CONTRACT is entered into in the State of California by and between the **SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**, hereinafter called the **SBCFPD** and

Name

Hesperia Fire Protection District, Attn: City Manager

hereinafter called DISTRICT

Address

15776 Main Street

Hesperia, CA 92345

Telephone

(760) 947 - 1025

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

Agreement No. 04-335, Sections 14 (a) and 15(a) are hereby amended as follows:

1. Section 14(a) is amended to read as follows:

14. Term and Termination:

- a. It is mutually agreed by the undersigned that this document outlines a month to month "continuation only" contract for the provision of fire, rescue and Emergency medical services. The contract as negotiated includes no service enhancements in order to facilitate the current annexation process between the District and SBCFPD.

It is further understood that revenues may be passed between the District and SBCFPD to facilitate ongoing services.

Auditor-Controller/Treasurer/Tax Collector Use Only	
<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

The contract is payable on a monthly basis and will terminate upon successful certification of the annexation by LAFCO. In the event that LAFCO annexation process is unsuccessful or terminated by the District, this contract will be terminated and a new contract for Emergency Services and Fire Protection shall be negotiated. Any newly negotiated contract will contain provisions that the City of Hesperia and the District will be responsible for any further accrued unfunded liability for said contracted employees, as set forth by SBCERA.

2. Section 15 (a) is amended to read as follows:

15. Payment

- a. District shall pay SBCFPD monthly installments of \$877,571.92 at the beginning of each month during period of the agreement, for a total annualized amount of \$10,530,863. Payments shall be due by the fifth (5th) day of each month. Payments received after sixty (60) days of when due shall include ten percent (10%) simple interest after the sixtieth (60th) day against the amount owing.

3. Replace the current Exhibit A-1 with the updated Exhibit A-1 (attached).

All other terms of Agreement No. 04-335 shall remain in full force and effect.

[INSERT ENTITY NAME HERE]

(Print or type name of corporation, company, contractor, etc.)

►

Robert Lovingood, Chairman, Board of Directors

By ► _____
(Authorized signature - sign in blue ink)

Dated: _____

Name _____
(Print or type name of person signing contract)

SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD
Laura H. Welch, Secretary

Title _____
(Print or Type)

Dated: _____

By _____
Deputy

Address _____

Approved as to Legal Form

Reviewed by Contract Compliance

Presented to Board for Signature

►
Counsel

►

►

Date _____

Date _____

Date _____

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
AND RECORD OF ACTION**

115

June 13, 2017

**FROM: MARK A. HARTWIG, Fire Chief/Fire Warden
San Bernardino County Fire Protection District**

**SUBJECT: AMENDMENT TO REVENUE AGREEMENT WITH THE HESPERIA FIRE
PROTECTION DISTRICT FOR FIRE PROTECTION SERVICES**

RECOMMENDATION(S)

Acting as the governing body of the San Bernardino County Fire Protection District (SBCFPD), approve Amendment No. 10 to Revenue Agreement 04-335 with the Hesperia Fire Protection District (District) for the continued provision of fire protection and emergency medical services, extending the agreement on a monthly basis in the amount of \$877,571.92 per month until completion of proposed annexation of the District to SBCFPD.

(Presenter: Mark A. Hartwig, Fire Chief/Fire Warden, 387-5779)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES

Implement the Countywide Vision.

Improve County Government Operations.

Provide for the Safety, Health and Social Service Needs of County Residents.

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

Approval of this amendment will not require additional Discretionary General Funding (Net County Cost) as SBCFPD will be compensated by the District for services provided in accordance with the terms of this agreement. SBCFPD's 2017-18 recommended budget includes revenue and appropriation of \$10,530,863 for this contract. This amount, which is based on \$877,571.92/month for 12 months, represents a \$721,877 increase from the prior year primarily due to increased operating costs including, but not limited to insurance and dispatch services.

BACKGROUND INFORMATION

On April 27, 2004 (Item No. 10), the Board of Directors approved Agreement No. 04-335 with the District for SBCFPD to provide fire suppression, fire prevention, rescue, advance life support, ambulance transportation, hazardous materials and fire investigation to the District for a period of 10 years. In the following years, this agreement has been amended nine previous times to reflect changes in the annual contract amount and to extend the term, which is now scheduled to terminate on June 30, 2017.

Amendment No.	Board Date	Item No.
1	January 24, 2006	24
2	August 15, 2006	14
3	July 10, 2007	18
4	June 24, 2008	132
5	August 9, 2011	66
6	December 13, 2011	64
7	June 25, 2013	103
8	June 16, 2015	80
9	June 14, 2016	132

Approval of Amendment No. 10 will extend the term on a monthly basis and will terminate the agreement upon successful certification by the Local Agency Formation Commission (LAFCO) of the District's annexation to SBCFPD. In the event that the LAFCO annexation process is unsuccessful or terminated by the District, this agreement will be terminated and a new contract for emergency services and fire protection will be negotiated.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Carol Greene, Supervising Deputy County Counsel, 387-5455) on May 16, 2017; Finance (Tom Forster, Administrative Analyst, 387-4635) on May 22, 2017; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) May 24, 2017.

City of Hesperia
MEMORANDUM



DATE: June 26, 2017

TO: Kathleen Rollings-McDonald, LAFCO-San Bernardino Executive Officer

FROM: Nils Bentsen, City Manager *NB*
Brian D. Johnson, Assistant City Manager-Management Services *BDJ*
George Pirsko, Senior Financial Analyst *GP*

SUBJECT: Detail of Five Year Financial Plan Charges For Services Revenue

Background

The Hesperia Fire Protection District (HFPD) and the County of San Bernardino Fire Department (County Fire) have submitted an application for annexation with LAFCO-San Bernardino to annex the HFPD into County Fire. Part of the application is a five-year financial plan that identifies the expenditures and revenues. For revenues, after property taxes, the next largest revenue source is Charges for Service. The following table shows more detail of this revenue than provided in the five-year plan.

Five-Year Financial Plan For Services For LAFCO Annexation #3217 & 3218
Charges For Services-Detail

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Charges For Services:						
Fire Hazard Inspection	146,766	149,701	152,695	155,749	158,864	162,042
Prevention/Development	171,275	174,701	178,195	181,758	185,394	189,101
Ambulance:						
Paramedic Ambulance Fees	2,362,686	2,410,235	2,458,734	2,508,201	2,558,656	2,610,119
GEMT	391,000	398,820	406,796	414,932	423,231	431,696
Ambulance Membership	11,025	10,950	10,875	10,800	10,725	10,650
EMS Response Fees	170,000	173,400	176,868	180,405	184,013	187,694
Sub-total Ambulance	2,934,711	2,993,405	3,053,273	3,114,339	3,176,626	3,240,158
Sub-total Charges For Services	3,252,752	3,317,807	3,384,163	3,451,846	3,520,883	3,591,301

Fire Hazard Inspection

This revenue tracks fees for the annual fire hazard inspections of commercial buildings performed by fire personnel.

Prevention/Development

This group of revenues track the various fees and charges for either new construction, or modifications to existing buildings, for fire safety code compliance. Some of the development related revenues in this group are plan reviews for alarm systems, sprinkler systems, and water systems as well as on site inspections.

Ambulance-Paramedic Ambulance Fees

This is the largest revenue source for the Charges for Service group and represents the collections for those needing transportation from the scene to the hospital. The revenue comes from either the patient or the patient's insurance provider whether that is a private insurance



company or a government operated provider such as Medi-Cal. The Paramedic Ambulance Fees are 80.6% of the Ambulance revenue group.

Ambulance-GEMT

GEMT is Ground Emergency Medical Transportation and represents a program with the State of California that HFPD participates in to receive reimbursements to offset some of the revenue lost on transporting Medi-Cal patients. Medi-Cal reimburses for transports at amounts well below the cost of providing the service. Compared to County Fire, HFPD has very limited overhead costs that factor into the claimed reimbursements. The GEMT is 13.3% of the Ambulance revenue group.

Ambulance-Ambulance Membership

HFPD administers a program that allows residents to pay an annual 'membership' fee that covers the cost of transport. The five-year financial plan anticipates this revenue to decrease over time. The Ambulance Membership revenue is 0.3% of the Ambulance revenue group.

Ambulance-EMS Response Fees

Upon responding to the scene of a call, a patient may refuse to have the ambulance crew transport the patient to a hospital. This revenue account tracks the fees collected from those patients who refuse transport but receive on scene treatment. The EMS Response Fees are 5.8% of the Ambulance revenue group.

City of Hesperia
MEMORANDUM



DATE: July 12, 2017

TO: Kathleen Rollings-McDonald, LAFCO-San Bernardino Executive Officer

FROM: Nils Bentsen, City Manager *NB*
 Brian D. Johnson, Assistant City Manager-Management Services *BDJ*
 George Pirsko, Senior Financial Analyst *GP*

SUBJECT: Detail of Ambulance Membership (Subscription) Revenue/Uses

Background

The Hesperia Fire Protection District (HFPD) and the County of San Bernardino Fire Department (County Fire) have submitted an application for annexation with LAFCO-San Bernardino to annex the HFPD into County Fire. Part of the application is a five-year financial plan that identifies the expenditures and revenues. One of the revenue sources, included in the Charges for Services line, is the Ambulance Membership revenue.

Analysis

This revenue is an annual subscription type of revenue wherein the resident, living within the HFPD, may pay the annual rate of \$75 and can then have the paramedic service co-pay charge or deductible 'written-down' if transported to the nearest/most appropriate emergency facility, for the year. The following table shows more detail of the subscription revenue with the related write-downs which are reported in the audited financial statement.

**Hesperia Fire Protection District
Ambulance Membership
Revenues (Subscriptions) vs. Uses (Write-downs)**

	2011-12	2012-13	2013-14	2014-15	2015-16	Unaudited 2016-17
Subscription Revenue	\$ 15,900.00	\$ 14,475.00	\$ 13,575.00	\$ 12,675.00	\$ 12,000.00	\$ 10,000.00
Write-downs	(11,943.58)	(11,261.73)	(13,704.32)	(17,477.57)	(23,770.91)	(9,706.00)
Surplus/(Deficit)	\$3,956.42	\$3,213.27	(\$129.32)	(\$4,802.57)	(\$11,770.91)	\$294.00
Annual Subscription Fee	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
# of Memberships	212	193	181	169	160	133

	2017-18 Budget	2018-19 Projected	2019-20 Projected	2020-21 Projected	2021-22 Projected	2022-23 Projected
Subscription Revenue	\$ 11,025.00	\$ 10,950.00	\$ 10,875.00	\$ 10,800.00	\$ 10,725.00	\$ 10,650.00
Annual Subscription Fee	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00	\$ 75.00
# of Memberships	147	146	145	144	143	142

This subscription does not apply to non-emergency transportation. The subscribed member will work with the HFPD, as needed, to get the member's insurance to pay the transport cost (less the copay amount), or if unsuccessful, the member will be responsible for paying the HFPD for



the amount that the insurance was billed. The five-year plan anticipates a year-over-year decrease in this revenue. In the HFPD FY 2017-18 Budget, this Ambulance Membership revenue represents 0.09% of the HFPD total revenues of \$11,728,897.

Attachments

Attached are the current County Fire enrollment forms. The *San Bernardino County Fire Protection District Community Ambulance Subscription Application* form wherein information about the members of the household are identified along with the health insurance information. The other form is the *Ambulance Subscription Plan Requirements and Definitions* form which outlines the limitations of service among other details.



SAN BERNARDINO COUNTY FIRE DISTRICT

PO Box 400049 • Hesperia, CA 92340 • (760) 956-2408 • (760) 956-5744

North Desert Division
Headquarters
sbcfire.org

Mark A. Harbidge
Fire Chief/Fire Warden

Ronald J. Walls
Assistant Chief

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT COMMUNITY AMBULANCE SUBSCRIPTION APPLICATION

AMBULANCE DISTRICT _____

SUBSCRIBERS NAME _____ DOB _____

ADDRESS / PO BOX _____

PHONE# () _____ SS# _____

Enrollee's Names	Relation	DOB
1. _____		
2. _____		
3. _____		
4. _____		
5. _____		

HEALTH COVERAGE (please provide the following information for each person enrolled, use additional sheet)

Subscriber Name: _____

Medicare# _____

Health Plan: Name _____

Address _____

Phone# _____

ID# _____ Group# _____ Plan# _____

Additional Billing
Information: _____

*****\$75.00 annually*****

Make checks payable to: Hesperia Fire District

Robert A. Longland
Vice Chief, First District

James R. Ruffolo
Second District

James A. Santos
Chief, Third District

Carl Chapman
Fourth District

James A. Santos
Fifth District

Secretary Dave L. Smith
Chief of Police Officer

Ambulance Subscription Plan Requirements and Definitions

The community ambulance subscription plan is available to residents in the communities of Lake Arrowhead, Lucerne Valley, Hesperia, Pinon Hills, Phelan, Wrightwood, Searles Valley, Yucca Valley, and Havasu Lake.

Qualified personnel responding with the closest available ambulance will provide the service to members in the event of a medical emergency involving person(s) covered by the subscription plan and occurring within the ambulance service area, the requiring person(s) will be transported to the nearest or most appropriate emergency department. The Community Ambulance Service provider will coordinate with the member's health insurance carrier to recover the full charge. Any deductible or co-payment will be written off under the plan guidelines. Non-emergency transports are NOT included in the plan and users will be charged at approved community rates. If the member's health insurance carrier denies payment, the member will assist the provider to challenge the ruling. If the member's insurance refuses to change the ruling, the member is responsible for payment. Transports by another provider are not covered by this plan, even if transport is from an area covered by this plan; payment for such service will be the responsibility of the member.

Enrollment will be limited to members and dependents of members residing at the same address within the Community Ambulance Service Area.

The enrollment period will begin the day the annual fee, as set forth on the County Fee Schedule adopted by the Board of Supervisors, and completed application is received and will continue for one year from that date.

Additions or deletions in the member covered under the plan, as well as any change in address of the member, or insurance carrier coverage, must be reported in order to be effective. Failure to report a change will void the contract with respect to said change.

DISTRICT

DATE

MEMBER SIGNATURE

City of Hesperia
(includes Hesperia Water District and Hesperia
Fire Protection District)
Pass-through Information
FY 2012-13 thru FY 2016-17

Pass-through from/to agency	FY 2012-13			FY 2013-14		
	ROPS III	ROPS 13-14A	Total	ROPS 13-14B	ROPS 14-15A	Total
Hesperia Successor Agency (RS09)						
CC17-GA01 City of Hesperia	4,988.09	4,379.48	9,367.57	5,054.14	3,603.13	8,657.27
CS17-GA01 Hesperia Fire Protection District	863,268.53	718,620.97	1,581,889.50	976,066.49	797,029.44	1,773,095.93
CS18-GA01 Hesperia Water District	3,215.06	2,822.92	6,037.98	3,257.81	2,322.52	5,580.33
Hesperia Successor Agency (RS09) Total	871,471.68	725,823.37	1,597,295.05	984,378.44	802,955.09	1,787,333.53
Victor Valley Successor Agency (RS24)						
CC17-GA01 City of Hesperia	\$ 52,960.97	\$ 4,001.80	\$ 56,962.77	\$ (39,855.85)	\$ 4,664.52	\$ (35,191.33)
CS17-GA01 Hesperia Fire Protection District		\$ 38,526.23	\$ 38,526.23	\$ 97,876.78	\$ 44,906.38	\$ 142,783.16
CS18-GA01 Hesperia Water District		\$ 2,579.54	\$ 2,579.54	\$ 6,553.36	\$ 3,006.72	\$ 9,560.08
Victor Valley Successor Agency (RS24) Total	\$ 52,960.97	\$ 45,107.57	\$ 98,068.54	\$ 64,574.29	\$ 52,577.62	\$ 117,151.91
Grand Total	924,432.65	770,930.94	1,695,363.59	1,048,952.73	855,532.71	1,904,485.44

FAS
VARIANCE

1,695,363.59

-

1,904,485.44

-

City of Hesperia
(includes Hesperia Water District and Hesperia
Fire Protection District)
Pass-through Information
FY 2012-13 thru FY 2016-17

Pass-through from/to agency	FY 2014-15			FY 2015-16		
	ROPS 14-15B	ROPS 15-16A	Total	ROPS 15-16B	ROPS 16-17A	Total
Hesperia Successor Agency (RS09)						
CC17-GA01 City of Hesperia	6,787.86	4,981.31	11,769.17	6,426.92	5,027.32	11,454.24
CS17-GA01 Hesperia Fire Protection District	1,092,694.36	914,732.72	2,007,427.08	1,230,427.63	980,884.62	2,211,312.25
CS18-GA01 Hesperia Water District	4,375.32	3,210.86	7,586.18	4,142.68	3,240.51	7,383.19
Hesperia Successor Agency (RS09) Total	1,103,857.54	922,924.89	2,026,782.43	1,240,997.23	989,152.45	2,230,149.68
Victor Valley Successor Agency (RS24)						
CC17-GA01 City of Hesperia	\$ 6,527.40	\$ 5,410.99	\$ 11,938.39	\$ 7,927.91	\$ 6,467.88	\$ 14,395.79
CS17-GA01 Hesperia Fire Protection District	\$ 62,840.87	\$ 52,092.84	\$ 114,933.71	\$ 76,323.79	\$ 62,267.73	\$ 138,591.52
CS18-GA01 Hesperia Water District	\$ 4,207.54	\$ 3,487.89	\$ 7,695.43	\$ 5,110.28	\$ 4,169.16	\$ 9,279.44
Victor Valley Successor Agency (RS24) Total	\$ 73,575.81	\$ 60,991.72	\$ 134,567.53	\$ 89,361.98	\$ 72,904.77	\$ 162,266.75
Grand Total	1,177,433.35	983,916.61	2,161,349.96	1,330,359.21	1,062,057.22	2,392,416.43

FAS
VARIANCE

2,161,349.96

2,392,416.43

City of Hesperia

(includes Hesperia Water District and Hesperia
Fire Protection District)

Pass-through Information

FY 2012-13 thru FY 2016-17

Pass-through from/to agency	FY 2016-17			Grand Total
	ROPS 16-17B	ROPS 17-18A	Total	
Hesperia Successor Agency (RS09)				
CC17-GA01 City of Hesperia	6,594.18	6,096.75	12,690.93	53,939.18
CS17-GA01 Hesperia Fire Protection District	1,349,056.97	1,097,244.90	2,446,301.87	10,020,026.63
CS18-GA01 Hesperia Water District	4,398.92	4,078.27	8,477.19	35,064.87
Hesperia Successor Agency (RS09) Total	1,360,050.07	1,107,419.92	2,467,469.99	10,109,030.68
Victor Valley Successor Agency (RS24)				
CC17-GA01 City of Hesperia	\$ 8,812.38	\$ 6,412.64	\$ 15,225.02	63,330.64
CS17-GA01 Hesperia Fire Protection District	\$ 84,838.90	\$ 61,735.95	\$ 146,574.85	581,409.47
CS18-GA01 Hesperia Water District	\$ 5,680.41	\$ 4,133.55	\$ 9,813.96	38,928.45
Victor Valley Successor Agency (RS24) Total	\$ 99,331.69	\$ 72,282.14	\$ 171,613.83	\$ 683,668.56
Grand Total	1,459,381.76	1,179,702.06	2,639,083.82	10,792,699.24

FAS
VARIANCE

2,639,083.82	10,792,699.24
-	-

PASSPORT HRUS

Check Due from
for City of Hesperia

Need
for 1026.0
for 10017

C93-70

PROJECT AREA #1

**CAPITAL FACILITIES AGREEMENT AND AGREEMENT
FOR REIMBURSEMENT OF TAX INCREMENT FUNDS**

Hesperia Redevelopment Project

THIS CAPITAL FACILITIES AGREEMENT AND AGREEMENT FOR REIMBURSEMENT OF TAX INCREMENT FUNDS (the "Agreement") is made and entered into this 15th day of July, 1993, by and between THE CITY OF HESPERIA COMMUNITY REDEVELOPMENT AGENCY ("Agency") and **HESPERIA FIRE PROTECTION DISTRICT** ("District").

RECITALS

A. Agency is proposing, and the City Council of the City of Hesperia is considering adoption of an ordinance approving the Redevelopment Plan for Hesperia Redevelopment Project (the "Plan") pursuant to the California Community Redevelopment Law ("CRL") (Health and Safety Code Section 33000, et seq.), which Plan delineates a project area (the "Project Area").

B. The Plan includes provisions authorizing the allocation to Agency of property taxes levied each year on the increase in the assessed valuation of property within the Project Area above the sum of the assessed values for the Project Area as shown on the 1992-1993 assessment roll.

C. The Project Area is located within District boundaries and is served by District.

D. District is an affected taxing entity, as defined in Section 33353.2 of the Health and Safety Code, and has ad valorem property taxes levied on its behalf by the County of San

Bernardino ("County") on certain areas that comprise portions of the Project Area.

E. District has taken the position with Agency that, by virtue of its tax allocation provisions, the Plan will result in a "financial burden or detriment" to District within the meaning of Section 33012 of the California Health and Safety Code and that the Plan will increase the need for additional District capital facilities. The Agency has found and determined that it is appropriate to address the financial impact of the Plan on District and the District's capital needs.

F. The CRL expressly authorizes and enables Agency to assist District financially to address the financial burden or detriment caused to District by the Plan. Agency is authorized by Health and Safety Code Section 33401 to compensate affected taxing entities, including District, by paying to such taxing entities any amount of money which Agency determines is appropriate to alleviate any financial burden or detriment to such taxing entities caused by its implementation of the Plan. The CRL also expressly authorizes and enables Agency to assist District by funding District's capital improvement needs. SEction 33445 of the Health and Safety Code authorizes the Agency to expend property tax increment to fund capital improvements and facilities which are publicly owned which are inside or outside the Project Area and of benefit to such Project Area, including funding the capital improvements of other public agencies such as District.

G. Agency and District are authorized by Health and Safety Code Section 33676 to enter into an agreement providing for District's receipt of certain tax increments. The purpose of this Agreement is to provide for appropriate payments to be made by Agency to District pursuant to Health and Safety Code Section 33401 in order to alleviate financial burden or detriment caused to District by the tax allocation provisions of the Plan, to provide District with financial assistance to address District's capital facilities needs, and to set forth an agreement in lieu of the District's election under Health and Safety Code Section 33676.

H. By entering into this Agreement, Agency finds and determines (i) the payments to District as set forth in this Agreement are necessary to alleviate financial burden or detriment caused to District by the Plan, and (ii) District's capital facilities funded in whole or in part by Agency are of benefit to the Project Area and there are no other reasonable means of financing such facilities and improvements available to the community.

I. District and Agency desire to resolve and settle all differences with respect to adoption of the Plan. In consideration of Agency's obligations as set forth in this Agreement, District has agreed to waive any and all claims, demands, and disputes with Agency and City arising from the adoption of the Plan.

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises and covenants set forth herein, the parties agree as follows:

COVENANTS

1. Recitals Incorporated. The above Recitals are incorporated herein and made a part of this Agreement.

2. Definitions. The words and terms used in this Agreement shall have the following meanings:

a. "Agency" shall mean the City of Hesperia Community Redevelopment Agency.

b. "City" shall mean the City of Hesperia.

c. "Community Redevelopment Law" shall mean Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code.

d. "District" shall mean the Hesperia Fire Protection District.

e. "District Share" shall mean that portion of the Property Tax Increment allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b) the District would have received as determined by application of the tax rate levied on behalf of District in the Project Area, but for adoption of the Plan.

f. "Fiscal Year" shall mean the period from July 1 to and including the following June 30.

g. "Plan" shall mean the Redevelopment Plan for the Hesperia Redevelopment Project, approved and adopted by the City Council of City.

h. "Project Area" shall mean the Project Area identified in the Plan, the redevelopment of which is necessary for the public purposes of the California Community Redevelopment Law.

i. "Property Tax Increment" shall mean the full amount of property tax revenues generated from within the Project Area that are allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b), which amounts are attributable to increases in assessed valuation above the valuation shown on the 1992-93 assessment roll, plus any identifiable California state legislative supplements to or substitutes for ad valorem property taxes which are paid to Agency during the term of this Agreement. Not by way of limitation of the foregoing, Property Tax Increment shall include (i) payments made to District and other affected taxing entities, whether such payments are made by Agency or directly by the County of San Bernardino, and (ii) funds set aside or expended by Agency pursuant to Health and Safety Code Section 33334.2 or successor statute.

3. Agency Payment of District Share. For each Fiscal Year during and after the life of the Plan, the Agency is allocated Property Tax Increment for any purpose, Agency shall pay District fifty percent (50%) of the District share, less the portion of such District Share the Agency is required to set

50% #5

aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2, said low and moderate income housing set aside reduction being subject to the following additional conditions:

a. The maximum portion Agency may deduct from the District Share for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall not be greater than an amount equal to the product obtained by multiplying the minimum set-aside percentage stated in Section 33334.2 [which as of the Effective Date of this Agreement is twenty percent (20%)] times the District Share;

b. No deduction for the low and moderate income housing set-aside from the District Share shall occur in any Fiscal Year the Agency fails to set aside funds into the Low and Moderate Income Housing Fund;

c. The deduction for the low and moderate income housing set-aside from the District Share shall be adjusted proportionately should Agency place less than the minimum percentage of Property Tax Increment into the Low and Moderate Income Housing Fund; and

d. In the event State law is changed, either by State Legislative enactment, applicable trial court decision, or appellate opinion, to eliminate the set-aside for low and moderate income housing as applicable to the District Share (e.g., a change from calculating the set-aside on Agency's "gross" Property Tax Increment to calculating the set aside on

Agency's "net" Property Tax Increment), Agency shall not thereafter deduct the low and moderate income housing set-aside amount from the District Share.

Agency shall pay the District Share to District within ten (10) days of Agency's receipt of Property Tax Increment.

4. Agency Indebtedness. Agency's obligations hereunder to make payments for the benefit of District constitute an indebtedness of Agency within the meaning of California Health and Safety Code Section 33670(b).

5. That portion of the District Share ^{other 1/2} retained by Agency, less the portion thereof which Agency is required to set aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall be expended as follows:

a. One-half thereof, or ^{or 1/4} an amount of bond proceeds proportionate to said one-half, shall be applied to provide capital facilities, furnished or unfurnished, for District's use; and

b. One-half thereof ^{or 1/4} shall be applied to defray any valid Agency debt at Agency's discretion.

6. Books and Records. Each party shall, within thirty (30) days after receipt of written request from the other, make available to the other for review or audit its books and records regarding the payments and expenditures referenced in this Agreement.

7. Agreement in Lieu of District Election Under Section 33676. The parties hereto into that this Agreement shall be in lieu of any payments which otherwise would be paid to District from the Project Area pursuant to Health and Safety Code Section 33676(a).

8. Covenant Not to Sue; Miscellaneous Matters Relating to Litigation. District hereby waives any and all causes of action, cases, claims, counts, actions and/or complaints related to, and agrees not to challenge, the validity of the Plan, or the ordinance adopting the Plan and/or the validity, on the grounds of the invalidity of the Plan, of bonds to finance or refinance in whole or in part the Plan, including, without limiting the generality of the foregoing, the legality and validity of all proceedings heretofore taken or in any way connected with the designation of the survey area, the Project Area, the formulation of the Preliminary Plan, the adoption of the Plan, and the formulation and certification of the Environmental Impact Report and other environmental documents for the Plan. District acknowledges it is familiar with Section 1542 of the Civil Code of the State of California, which provides:

"A general release does not extend to claims a creditor does not now or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

District hereby waives and relinquishes any rights and benefits which it may have under Section 1542 of the Civil Code of the State of California to the full extent that District may lawfully waive such rights. By agreeing to the provisions of this Paragraph 8, District does not waive the right to dispute the validity of any future amendments to the Plan or the adequacy of any environmental documents related to any such future amendments to the Plan, and/or the right to challenge any illegal implementation of the Plan.

9. City and Agency Obligations. City shall have no financial obligation or liability by virtue of or pursuant to this Agreement. Agency shall have no financial obligation or liability by virtue of or pursuant to this Agreement except for payments solely from Property Tax Increment allocated to and received by Agency as set forth in this Agreement.

10. Repeal of Section 33676(b) Resolutions. Within sixty (60) days of executing this Agreement, District shall, pursuant to Health and Safety Code Section 33676(c), repeal any resolution it has adopted pursuant to Health and Safety Code Section 33676(b) regarding the Plan.

11. Severability. In the event any section or portion of this Agreement shall be held, found, or determined to be unenforceable or invalid for any reason whatsoever, the remaining provisions shall remain in effect, and the parties hereto shall take further actions as may be reasonably necessary and available

to them to effectuate the intent of the parties as to all provisions set forth in this Agreement.

12. Default. Except to the extent required by law, failure or delay by any party to perform any term or obligation of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction, or remedy within thirty (30) days. For such defaults or delays that cannot be cured, corrected, or remedied within thirty (30) days, the defaulting or delaying party shall commence to cure, correct, or remedy the failure or delay within thirty (30) days and shall diligently prosecute such cure, correction, or remedy to completion within a reasonable period of time after commencement. If the failure or delay is not cured, corrected, or remedied within the required period of time, the defaulting party shall be liable for any damages caused by such default and the nondefaulting party may thereafter commence an action for damages with respect to such default or for specific performance of this Agreement. Prior to a failure or delay being deemed a default hereunder or the period to cure, correct, or remedy being deemed to have commenced, the nondefaulting party shall serve the defaulting party with notice of default; provided, however, that District shall not be required to provide Agency with any notice of any failure or delay by Agency in transmitting the District Share to District.

13. Notices. All notices required by this Agreement or by law shall be in writing and delivered by personal delivery, by United States mail, prepaid, certified, return receipt requested, or by a reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by document delivery shall be effective upon receipt. Notices sent by United States mail shall be effective on the second business day following deposit.

Notices shall be addressed to:

If to Agency: City of Hesperia Community
Redevelopment Agency
15776 Main Street
Hesperia, California 92345
Attention: Executive Director

If to District: Hesperia Fire Protection District
17288 Olive Street
Post Office Box 400049
Hesperia, California 92345
Attention: District Administrator

14. Attorney's Fees. In the event of any dispute between the parties hereto arising out of or connected to this Agreement, the prevailing party in such litigation shall be entitled, in addition to whatever other relief the Court may grant, to reasonable attorney's fees and costs. Reasonable attorney's fees and costs shall accrue on the date of filing of such litigation and shall include attorney's fees and costs incurred in discovery and on appeal.

15. Time of Essence. Time is of the essence in the performance of this Agreement.

16. Governing Law; Forum. This Agreement shall be governed by, and construed under, the laws of the State of California. The parties agree that the Municipal and Superior Courts of the State of California in and for the County of San Bernardino shall have exclusive jurisdiction of any litigation between the parties hereto arising out or connected to this Agreement.

17. Further Assurances. Agency and District each agree, without further consideration, to execute such other and further documents, and to perform such other and further acts, as may be necessary or proper in order to consummate the transactions set forth in and contemplated by this Agreement.

18. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties and supersedes all previous negotiations between them pertaining to the subject matter hereof. It is the intent of Agency and District that the payment herein provided constitute a full, complete, fair, and equitable adjustment for all financial and other impacts which have or may result to District during the term of the Plan. This Agreement shall remain in effect during the entire term of the Plan, and to the extent necessary to carry out its provisions any period beyond the expiration of the Plan during which Agency is allocated Property Tax Increment. This Agreement shall not be changed or modified except by written agreement of the parties.

19. Tax Increment Limit. Amounts paid by Agency to District pursuant to this Agreement shall not count against the limit on the total number of dollars to be allocated as Property Tax Increment to Agency under the Plan.

IN WITNESS WHEREOF, Agency and District have entered into this Agreement as of the date first above written.

"Agency"

CITY OF HESPERIA COMMUNITY
REDEVELOPMENT AGENCY

By: Michael J. Longifiano
Chairman

ATTEST:

By: Margaret A. Vall
Secretary

APPROVED AS TO FORM:

By: James P. Hoffmann
Agency Counsel

"District"

HESPERIA FIRE PROTECTION DISTRICT

By: Michael J. Longifiano
Chairman

SUPPLEMENT SPECIAL DISTRICT SERVICES ACTIVATION OR DIVESTITURE OF FUNCTION/SERVICE

INTRODUCTION: The questions on this form are designed to obtain data about the specific service(s) requested to be authorized for the district. The purpose is to allow the Commission, staff and others to adequately assess the proposal. You may also include any additional information which you believe is pertinent, using additional sheets, where necessary, and including any relevant documents.

1. Please identify the function(s)/service(s) proposed for divestiture:

Example: (Function) Water (Service) Retail, wholesale, domestic, industrial, irrigation, fire protection, sanitation

FUNCTION

Fire Protection

SERVICE

Fire Suppression, rescue, prevention,
hazardous materials, EMS, and
ambulance services.

2. Provide a statement of the reason(s) for the proposal which shall include, but not be limited to, a description of any existing service deficiency, general plan determinations (existing or anticipated change necessitating service), anticipated growth rate (please identify source of data), topography, etc.

The reorganization will permit consolidation of fire operations under the County Fire for services listed above, as well as mass casualty incidents, arson investigation, and major disasters. County Fire already serves the unincorporated areas surrounding the City, as well as the City of Victorville by contract.

3. What service(s) was the District authorized to provide at the time of its formation? (Would be identified in final resolution approving formation or included in election decision – a copy of this document may be attached to fulfill this requirement.)
The HFPD was originally formed in 1957 to provide for the full range of fire protection response. On or about 1975 it began providing ambulance transportation service. On July 1, 1988, the District became a subsidiary district of the City of Hesperia (LAFCO 2440). HFPD is the City's lead agency for dealing with natural disasters such as earthquakes, floods, storms, and other emergencies related to fire, explosion, hazardous materials, rescue and medical services.

4. Provide an identification of any multiple purpose districts within the area authorized to provide the identified function/service activation. Include a description as to why the preferred choice has been made.

Cal Fire provides wildland fire suppression and vegetation management services within the City and its sphere of influence, primarily in Summit Valley. Cal Fire does not provide EMR or ambulance services in Hesperia. As mentioned above, County Fire is working to consolidate and coordinate operations within the District with adjacent unincorporated areas and the territory served by contract for the City of Victorville.

5. PLAN FOR SERVICES:

The requirements for the Plan for Service are outlined in Government Code Section 56824.12 and are summarized below:

1. The total estimated cost to provide the new or different function or class of service within the District's boundaries. This projection shall be, at a minimum, for a five-year period.
2. The estimated cost of the new or different function or service to existing customers within the district's jurisdictional boundaries. (The cost can be identified by customer class).
3. An identification of existing providers, if any, of the function(s)/service(s) and the potential fiscal impact of this activation to the customers of those providers.
4. A plan for financing the establishment of the new or different function/service within the district's jurisdictional boundaries. A five-year projection of revenues (at a minimum) with discussion about the sufficiency of revenues to fund the anticipated ongoing maintenance and operation of the service is required. This plan should include:
 - a. An indication of whether territory is or will be proposed for inclusion within a proposed improvement zone/district, assessment district, or community facilities district to fund the service.
 - b. If retail water service is proposed to be activated through this action, provide a description of the timely availability of water for projected needs within the area. (The response should be patterned after the factors identified in Government Code Section 65352.5 related to an Urban Water Management Plan.)
5. A discussion of the alternatives to the establishment of the new or different service within the District's boundaries/service area.

This plan shall, at a minimum, respond to each of the items identified above and shall be signed and certified as to its completeness and accuracy by an official of the requesting agency.

CERTIFICATION

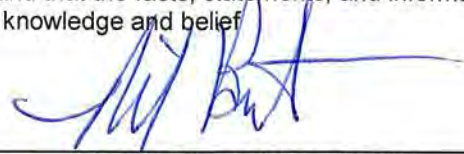
As a part of this application, the Hesperia Fire Protection District/Agency agrees to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

The district signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the proponent to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above and in any attachments and exhibits hereto present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 7-25-17



SIGNATURE OF APPLICANT

Nils Bentsen

PRINTED NAME

General Manager, Hesperia Fire Protection District

TITLE

/Revised: krm 8/19/2015



SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

157 W 5th Street, 2nd Floor • San Bernardino, CA 92415-0451 • (909) 387-5974 • Fax (909) 387-5685

Administration
Headquarters
sbcfire.org

Mark A. Hartwig
Fire Chief/Fire Warden

Don Trapp
Deputy Chief

John Chamberlin
Deputy Chief

Date: August 14, 2017

To: Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street Suite 204
San Bernardino, CA 92415-0490

Re: "Supplement form for Activation or Divestiture of Function/Service".

Dear Ms. Rollings-McDonald:

At the July 17, 2017 LAFCO DRC #3218 it was identified that the "Supplement Form for Activation or Divestiture of Function/Service" had not been submitted with the original filing. The Hesperia Fire Protection District submitted the completed form on July 26, 2017.

Please let this letter serve as verification that the San Bernardino County Fire District concurs with the materials contained in this supplemental form.

If you have any questions, please feel free to contact the undersigned.

Sincerely,

Don Trapp
Deputy Chief of Operations
San Bernardino County Fire District

BOARD OF SUPERVISORS

Robert A. Lovingood
Chairman
First District

Janice Rutherford
Second District

James Ramos
Third District

Curt Hagman
Vice Chairman
24 Fourth District

Josie Gonzales
Fifth District

Dena Smith
Interim
Chief Executive Officer

LAFCO staff requested that the Hesperia Fire Protection District (District) provide historic revenue and expenditure information from its audited financial statements for the preceding five years. This request was made since the operations will be transitioning to the County of San Bernardino Fire Department. The District's responses include the five preceding audited years as well as the inclusion of the projected, or unaudited, year-end for the recently completed Fiscal Year 2016-17.

Hesperia Fire Protection District
Historical Revenues, Expenditures, and Changes in Fund Balances
FY 2012-13 Through FY 2016-17

	2011-12	2012-13	2013-14	2014-15	2015-16	Unaudited 2016-17
	Actual	Actual	Actual	Actual	Actual	Actual
Revenue:						
Property Taxes	3,777,315	3,783,691	3,952,318	3,909,863	4,025,968	4,124,295
Property Tax-RDA Pass Through (Operations Fund 200)	1,090,805	1,087,371	1,867,920	1,382,366	1,625,450	1,949,021
Property Tax-RDA Pass Through (Capital Fund 502)	211,304	494,519	560,709	625,061	726,831	803,524
Property Tax-VVEDA Pass Through	76,615	83,760	97,851	120,797	138,592	146,575
Sub-total Property Taxes	5,156,039	5,449,341	6,478,798	6,038,087	6,516,841	7,023,415
Special Assmt-CFD 94-01	508,570	536,074	565,812	567,094	574,741	596,051
Special Assmt-CFD 2005-1	376,805	322,733	326,850	214,143	218,424	222,795
Use of Money and Property	64,474	69,324	70,949	60,914	67,470	66,794
Charges for Service	2,541,668	2,400,112	2,726,532	3,206,772	2,998,142	2,896,324
Grants	-	21,541	584,151	718,125	29,023	29,964
Household Hazardous Waste	152,686	152,686	152,686	152,686	152,686	152,686
Other revenue	50	1,826	69,535	37,988	19,424	16,176
Total Revenue	8,800,292	8,953,637	10,975,313	10,995,809	10,576,751	11,004,205
Expenditures:						
520 Operations and Community Safety	8,555,920	8,253,239	8,897,812	9,449,751	9,545,062	9,808,986
521 Administration						
Household Hazardous Waste Contract	152,686	152,686	152,686	152,686	152,686	152,686
Other Administration Costs	186,901	62,310	222,800	377,565	110,108	136,841
Capital Expenses (Vehicles and Buildings)	-	34,070	32,291	199,488	552,749	531,321
Sub-total Other Costs	339,587	249,066	407,777	729,739	815,543	820,848
HFPD CalPERS	10,324	9,458	89,786	245,096	303,974	364,190
528 SAFER Grant	-	-	969,350	1,037,463	-	-
Total Expenditures	8,905,831	8,511,763	10,364,725	11,462,049	10,664,579	10,994,024
Change in Fund Balance	(105,539)	441,874	610,588	(466,240)	(87,828)	10,181
Extraordinary Gain	3,742,635					
Fund Balance at Beginning of Year	1,707,595	5,344,691	5,786,565	6,397,153	5,930,913	5,843,085
Fund Balance at End of Year	5,344,691	5,786,565	6,397,153	5,930,913	5,843,085	5,853,266

The *Extraordinary Gain* in 2011-12 came from the dissolution of the Hesperia Community Redevelopment Agency (HCRA). This reflects the capital funds, currently held in Fund 502, that were held in the HCRA capital funds in 2011-12.

RECEIVED

APR 04 2013

CITY OF HESPERIA
A/P DEPT

March 28, 2013



City of Hesperia 28*5947
9700 7th Ave
Hesperia CA 92345-3495

Re: MetroPCS Wireless, Inc.

Dear Vendor:

On October 3, 2012, MetroPCS Communications, Inc. ("Communications"), the indirect parent company of MetroPCS Wireless, Inc. ("Wireless"), entered into a Business Combination Agreement (the "BCA") by and among Deutsche Telekom AG, an *Aktiengesellschaft* organized in Germany ("Deutsche Telekom"), T-Mobile Global Zwischenholding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Deutsche Telekom ("Global"), T-Mobile Global Holding GmbH, a *Gesellschaft mit beschränkter Haftung* organized in Germany and a direct wholly-owned subsidiary of Global ("Holding"), and T-Mobile USA, Inc., a Delaware corporation and direct wholly-owned subsidiary of Holding ("T-Mobile").

Under the BCA, Communications and Deutsche Telekom are combining their respective North American wireless businesses, Wireless and T-Mobile, respectively, to form the leading value wireless carrier in the United States which will deliver an enhanced customer experience through a broader selection of affordable products and services, more network capacity and broader network coverage. The combined company has a strong financial profile. For 2012, the combined company, on a *pro forma* basis, would have had revenues of \$24.8 billion,¹ EBITDA of \$6.4 billion,² and free cash flow of \$2.7 billion.³ Once the proposed transaction closes, Communications will be renamed T-Mobile US, Inc. and will continue to trade on the New York Stock Exchange under the new ticker symbol "TMUS".

The purpose of this letter is to provide you with formal notice of the proposed transaction, to the extent necessary under any contract between you and Wireless (or any Wireless' affiliate). Upon close, Wireless will be merged with and into T-Mobile, with T-Mobile surviving; all obligations and payments made thereafter pursuant to any contracts between you and Wireless will become those of or made in the name of T-Mobile, not Wireless.

We currently anticipate the proposed transaction with T-Mobile to close shortly after the special meeting of Communications stockholders, which is currently scheduled to be held on April 12, 2013.

Please contact me at (214) 570-5298 or jharness@metropcs.com in the event you have any questions or concerns. After close, my contact information is expected to remain unchanged.

Sincerely,

Joe Harness
Deputy General Counsel

¹ Presented as US GAAP.

² Earnings before interest, taxes, depreciation and amortization (EBITDA), on a pre-stock based compensation basis.

³ Calculated by subtracting capital expenditures (less spectrum spend) from EBITDA.

LICENSE WITH OPTION
Between the City of Hesperia and Royal Street Communications

FILE COPY

THIS LICENSE WITH OPTION (this "License") is by and between the Hesperia Fire District, a body politic and corporate ("Licensor") and Royal Street Communications California, LLC ("Licensee"). The Licensor and Licensee are at times collectively referred to hereinafter as "parties" or individually as "party."

1. Option to License

(a) Licensor owns certain real property located at 9430 Eleventh Avenue, Hesperia, CA, 92345-3375 and described in the attached Exhibit "A" (the "Property"). In consideration of the payment of Five Hundred Dollars (\$500) monthly (the "Option Fee") by Licensee to Licensor, Licensor hereby grants to Licensee an option to license the use of a portion of the Property on the terms and conditions set forth herein (the "Option"). The Option shall be for an initial term of six (6) months, commencing on the Effective Date (as defined below) (the "Option Period"). The Option Period may be extended by Licensee for an additional three (3) months upon written approval by Licensor and payment of the sum of Five Hundred Dollars (\$500.00) ("Additional Option Fee") at any time prior to the end of the Option Period.

(b) The parties acknowledge that Licensee seeks to evaluate the Property to determine if the Property is suitable to erect and maintain on the Premises (as defined below at Section 1(i)) facilities necessary to operate its communications system, including, without limitation, radio transmitting and receiving antennas, tower and base, equipment shelters and/or cabinets and related cables and utility lines and a location based system, including, antenna(s), coaxial cable, base units, location based systems, and other associated equipment (collectively, the "Antenna Facilities").

(c) The effective date of this License is the date of execution by Licensor (the "Effective Date").

(d) During the Option Period and any extension thereof, and during the term of this License, Licensor agrees to cooperate with Licensee in obtaining, at Licensee's expense, all licenses and permits or authorizations required for Licensee's use of the Premises from all applicable government and/or regulatory entities (including, without limitation, zoning and land use authorities, and the Federal Communication Commission ("FCC") ("Governmental Approvals"). Licensor does not guarantee that any or all licenses, permits or authorizations will be obtained.

(e) During the Option Period and any extension thereof, Licensor agrees that it will not interfere with Licensee's efforts to secure other licenses and permits or authorizations that relate to property other than the Property.

(f) Any and all work on the Property conducted by Licensee shall be subject to Licensor's prior approval. Notwithstanding anything to the contrary in this License,

ЕІГЕ СОБА

Licensors reserves all its governmental authority and discretion to consider, approve, conditionally approve or deny any and all required land use entitlements.

(g) Licensee may, at any time following the full execution of this License and prior to the Commencement Date (with notice and approval of Licensors as provided below), enter the Premises for the purpose of making necessary inspections, taking measurements and conducting engineering surveys (and soil tests where applicable) and other reasonably necessary tests to determine the suitability of the Premises for its Antenna Facilities ("Due Diligence"), and for the purpose of preparing the Premises for the installation or construction of its Antenna Facilities. During any Due Diligence activities or pre-construction work, Licensee shall have insurance, in accordance with Section 14, which covers such activities. Licensee will notify Licensors and obtain prior approval of any proposed tests, measurements or pre-construction work and will coordinate the scheduling of such activities with Licensors. Licensee shall be liable for any and all damage to Licensors's Property caused by any Due Diligence or pre-construction activities. If in the course of its Due Diligence, Licensee determines that the Premises are unsuitable for Licensee's contemplated use, then Licensee shall have the right to terminate this License prior to the Commencement Date by delivery of written notice thereof to Licensors as set forth in Section 16, Termination.

(h) Licensee shall repair in good workman-like manner and/or otherwise be responsible for any and all damage caused by Licensee to Property. Licensee agrees to conduct all activity so as not to disturb residents, businesses or interfere with use of the Property.

(i) If Licensee exercises the Option, then, subject to the terms and conditions herein, Licensors hereby licenses to Licensee the use of that portion of the Property sufficient for placement of the Antenna Facilities together with Access Rights (defined at Section 9 below) for access and utilities as described and depicted in the attached Exhibit "B" and in accordance with the plans on file with Licensors's Planning Division (collectively referred to hereinafter as the "Premises"). The Premises is comprised of approximately 190 square feet.

(j) During the Option Period and any extension thereof, Licensee may exercise the Option by so notifying Licensors in writing, at Licensors's address in accordance with Section 16 hereof.

(k) Licensee acknowledges that this License does not convey any interest in real property to Licensee.

(l) Should Licensee fail to exercise this option or any extension thereof within the time herein limited, all rights and privileges granted hereunder shall be deemed completely surrendered, this option terminated, and Licensors shall retain all money paid for the option, and no additional money shall be payable by either party to the other.

2. Term. The initial term of the License shall be five (5) years commencing on the date of the exercise of the Option (the "Commencement Date"), and terminating at midnight on the last day of the calendar month occurring sixty (60) full calendar months after the Commencement Date (the "Initial Term").

3. Renewal.

(a) Licensee shall have the right to extend this License for two (2) additional and successive five (5) year terms (each a "Renewal Term") on the same terms and conditions as set forth herein. This License shall automatically renew for each successive Renewal Term unless:

(i) Licensee notifies Licensor, in writing, of Licensee's intention not to renew this License, at least six (6) months prior to the expiration of the Initial Term or any Renewal Term; or

(ii) The License has been terminated in accordance with Section 10 of this License.

(b) Six (6) months prior to the end of the last Renewal Term, Licensee shall notify Licensor in writing of the expiration of the term. Said notice shall be sent to Licensor at the address specified in Section 16 below. Licensee may request that the License be further extended subject to the same noticing requirements of this paragraph, however; the Licensor shall retain the right, in its sole and absolute discretion to modify the terms and conditions of the License.

4. Consideration and Deposit.

(a) From and after the Commencement Date, Licensee shall pay Licensor or designee, as a License Fee, One Thousand Three Hundred Dollars (\$1,300.00) per month ("License Fee"). The first payment of the License Fee shall be due within twenty (20) days following the Commencement Date and shall be pro-rated based on the days remaining in the month following the Commencement Date, and thereafter the License Fee will be payable monthly in advance by the fifth day of each month to Licensor at the address specified in Section 16 below. If this License is terminated for any reason (other than a default by Licensee) at a time other than on the last day of a month, the License Fee shall be prorated as of the date of termination and all prepaid License Fee shall be refunded to Licensee.

(b) The minimum monthly License Fee shall be automatically adjusted on the first day of the month following the first anniversary of the Commencement Date and on each annual anniversary thereafter, in an amount equal to **five percent** of the License Fee paid during the previous year.

(c) In addition to the License Fee, within thirty (30) days of the Effective Date, Licensee shall pay Licensor a one-time, non-refundable payment in the amount of five

thousand dollars and 00/100 (\$5,000.00) for Licensor's sole use towards reimbursement of legal and administrative costs associated with this License and for use towards City improvements, and the first month's Option Fee (\$500.00).

(d) Within one hundred twenty (120) days of the Effective Date of this License, Licensee shall provide Licensor with, and at all times thereafter maintain, a security deposit in the amount of five thousand Dollars (\$5,000.00).

5. Late Payment. Licensee hereby acknowledges that late payment by Licensee to Licensor of License Fee or other sums due hereunder will cause Licensor to incur costs not contemplated by this License, the exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, any payment of any sum to be paid by Licensee not paid when within five (5) days of its due date shall be subject to a five percent (5%) late charge. Licensor and Licensee agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Licensor for its loss suffered by such late payment by Licensee.

6. Permitted Use. Subject to Licensor's prior written approval and all applicable land use or other entitlement and permit processes, the Premises may be used by Licensee for the transmission and reception of radio communication signals and for the construction, installation, operation, maintenance, repair, removal or replacement of Antenna Facilities. Licensee agrees to install all Antenna Facilities, cables, wires, utilities or other devices or apparatus underground where feasible and in accordance with the plans on file with Licensor's Planning and Building & Safety Divisions. All activity on the Property shall be subject to Licensor's prior written approval. With the exception of routine maintenance and repairs including substitution or modification of existing equipment with substantially similar equipment (consistent and compliant with plans and specifications initially approved by the City) all future construction, structural modifications, alterations, or major or minor repairs shall comply with the provisions of the Licensor's then current design criteria - and shall not be commenced without the Licensor's prior written approval which shall not be unreasonably withheld, conditioned, or delayed, that the plans, specifications and schedule for such construction, structural modification or alteration are in conformance therewith, and that all applicable fees and charges due Licensor by Licensee have been paid. Nothing in this Paragraph 6 permits the Licensee to collocate any new devices without the written approval of the Licensor in accordance with Paragraph 22. Licensor retains the right, to require execution of a Co-Location Agreement (attached as Exhibit E) allowing other wireless communications providers to place communications facilities on the Licensee's monopole should such placement be deemed feasible by the Licensor, in its sole and absolute discretion, and predicated upon the Licensee's ownership of said monopole.

7. Interference.

(a) Licensee shall comply with all non-interference rules of the Federal Communications Commission. Licensee shall not use the Premises in any way which interferes with the use of the Property by Licensor, or any of its employees, invitees, agents, tenants, lessees or licensees. Nor shall Licensee or any of its use of the Premises interfere with Licensor's communications configurations, frequencies or operating equipment or any other utility which exist on the Licensor's Property on the Commencement Date of this License ("Pre-Existing Facilities"). Upon written notice from Licensor of apparent interference by Licensee with Pre-existing Facilities, Licensee shall have the responsibility to promptly terminate such interference or demonstrate to Licensor with competent information that the apparent interference in fact is not caused by Licensee's facilities or operations. Upon written notice from Licensee of apparent interference, by Licensor or its agents, with Antenna Facilities, Licensor shall have the responsibility to promptly notify the offending party and request termination of such interference or demonstrate to Licensee with competent information that the apparent interference in fact is not caused by Licensor's or its agents' facilities or operations. In the event any such interference does not cease promptly, the parties acknowledge that continuing interference will cause irreparable injury, and therefore shall have the right to bring a court action to enjoin such interference or to terminate this License upon notice.

(b) Licensee shall conduct all of its activities on the Premises, including but not limited to Due Diligence activities and construction, operation and maintenance of the Antenna Facilities, in a manner that does not materially interfere with the Licensor's operations, or use of the Property by the Licensor or third parties. Any determination as to whether any interference is "material" shall be made by the Licensor in its sole reasonable discretion. In the event such interference occurs and, upon request, Licensee fails to immediately cease such interference, or if Licensee ceases and subsequently recommences such interference, the Licensor may deliver a Notice of Termination to Licensee, in which case this License shall terminate in accordance with Section 10.

8. Construction and Maintenance.

(a) Construction. All of Licensee's construction and installation work at the Premises shall be performed at Licensee's sole cost and expense and in a good and workmanlike manner. Licensee shall only conduct work in conformance with the site plan attached hereto as Exhibit "B" or the plans on file with the Licensor's Planning Division. Licensee shall be liable for any and all damage to Licensor's Real Property caused by any Due Diligence, pre-construction, construction or removal activities.

(i) Schedule and Notice. Licensee will notify Licensor and obtain prior approval of any proposed tests, measurements or construction work and will coordinate the scheduling of such activities with Licensor. Licensee shall submit to Licensor an accurate construction schedule for work, construction, pre-construction or Due Diligence activities. In the event that Licensee seeks

to deviate from said schedule, Licensee shall notify Licensor at least forty-eight (48) hours in advance.

(ii) Cost. All of Licensee's construction and installation work at the Premises shall be performed at Licensee's sole cost and expense. Licensee shall also reimburse Licensor for the reasonable cost associated with Licensor's required and conducted construction inspections; Licensee shall reimburse Licensor for all reasonable costs, including regular and overtime wages, related to staff and similar resources expended by Licensor to facilitate Licensee's construction, pre-construction or Due Diligence activities.

(b) Maintenance and Repairs. Licensee shall maintain Licensee's Antenna Facilities and the Premises in neat and safe condition in compliance with all applicable codes and governmental regulations. In the event that Licensee's Antenna Facilities fall into disrepair, Licensee shall repair or take other required actions within thirty (30) days of written notice from Licensor. Licensee shall not be required to make any repairs to the Premises except for damages to the Licensor's Real Property caused by Licensee, its employees, agents, contractors or subcontractors.

9. Improvements; Utilities; Access.

(a) Subject to Licensor's prior written approval and all applicable land use or other entitlement and permit processes, Licensee shall have the right, at its expense, to erect and maintain on the Premises its Antenna Facilities. Subject to Licensor's prior written approval and all applicable land use or other entitlement and permit process, Licensee may alter, replace, expand, enhance or upgrade the Antenna Facilities, provided it remains within the licensed Premises and initial footprint, at any time during the term of this License. Licensee shall cause all construction to occur lien-free and in compliance with all applicable laws and ordinances, and shall discharge or bond any mechanic's lien filed or recorded within thirty (30) days or less. The Antenna Facilities shall remain the exclusive personal property of Licensee and shall not be considered fixtures and the Licensee shall have the right at any time during the Term or any Renewal Term or termination or earlier expiration of this License to remove all or part of the Antenna Facilities.

(b) Licensee shall, at Licensee's expense, keep and maintain the Antenna Facilities now or hereafter located on the Property in commercially reasonable condition and repair during the term of this License, normal wear and tear excepted. Upon termination or expiration of this License, the Premises shall be returned to Licensor in good, usable condition, normal wear and tear excepted. Removal of the Antenna Facilities shall be in accordance with Section 11 of this License.

(c) Upon Licensee's compliance and adherence to all applicable land use and other entitlement processes including the issuance of any required permits (regardless of permitting jurisdiction) Licensor shall, without unreasonable delay, grant Licensee the right to install utilities, at Licensee's expense, and to improve the present utilities on the Property (including, but not limited to, the installation of emergency power generators).

Licensor agrees to use reasonable efforts in assisting Licensee to acquire necessary utility service. Licensee shall, wherever practicable, install separate meters for utilities used on the Property by Licensee. In the event separate meters are not installed, Licensee shall fully and promptly pay for all charges for all utilities attributable to Licensee's use, operation and maintenance of Licensee's Antenna Facilities. In no event shall Licensor be liable to Licensee for any power interruption, change in quality or failure of the supply of electricity or any other utility used by Licensee.

(d) As partial consideration for the License Fee paid under this License, Licensor hereby grants Licensee a non-possessory easement in, under and across the Property for ingress, egress, utilities and access to the Premises adequate to install and maintain utilities, which include, but are not limited to, the installation of power and telephone service cable, and to service the Premises and the Antenna Facilities at all times during the Initial Term of this License and any Renewal Term (collectively, the "Access Rights"). The Access Rights provided hereunder shall have the same term as this License and shall be as described and depicted at Exhibit "B" and/or on file with the Licensor's Planning Division. Licensee shall not, in traversing across the Property via the limited-term easement, interfere or disturb the operations, use, or other activities of the Licensor. The easement herein granted to Licensee shall cease at the termination of this License.

(e) Licensee shall have access to the Antenna Facilities ("Access") during regular business hours, Monday through Friday, except holidays, during the Initial Term of this License and any Renewal Term at no additional charge to Licensee upon twenty-four (24) hours prior written notice to Licensor. In the event Licensee requires access to the Antenna Facilities outside of normal business hours, Licensee shall provide Licensor with at least forty-eight (48) hours prior written notice. However, Licensee shall have access to the Antenna Facilities 24-hours-a-day, 7-days-a-week for the purpose of addressing an emergency ("Emergency Access") or service interruption, as determined in Licensee's sole discretion. Licensee shall provide Licensor with notice of its Emergency Access as soon thereafter as practicable. In accessing the premises, Licensor agrees not to disturb or interfere with the surrounding residences or with the business or other activities of Licensor or of other tenants or occupants of Licensor's Property.

10. Termination. Except as otherwise provided herein, this License may be terminated, without any penalty or further liability as follows:

(a) upon thirty (30) days written notice by Licensor if Licensee fails to cure a default for payment of amounts due under this License within that thirty (30) day period;

(b) immediately, prior to Licensee's installation of the Antenna Facilities on the Premises, if Licensee notifies Licensor of unacceptable results of any title report, environmental or soil tests or if Licensee is unable to obtain, maintain, or otherwise forfeits or cancels any license (including without limitation an FCC license), permit or any Governmental Approval necessary to the installation and/or operation of the Antenna Facilities or Licensee's business;

(c) upon thirty (30) days written notice by Licensee, if the Property is or becomes unacceptable under Licensee's design or engineering specifications for its Antenna Facilities or the communications system to which the Antenna Facilities belong;

(d) immediately upon written notice by Licensee if the Antenna Facilities are destroyed or damaged so as in Licensee's reasonable judgment to substantially and adversely affect the effective use of the Antenna Facilities. In such event, all rights and obligations of the parties shall cease as of the date of the damage or destruction, and Licensee shall be entitled to the reimbursement of any License Fee prepaid by Licensee. If Licensee elects to continue this License, then all License Fee shall abate until the Premises and/or the Antenna Facilities are restored to the condition existing immediately prior to such damage or destruction; or

(g) in accordance with this License including Sections 1(g), 7, 12 18, and 23 or Exhibit "D" attached hereto.

11. Removal. Upon termination, Licensee must remove Licensee's Antenna Facilities within thirty (30) days after the termination date. Upon removal, Licensee shall ensure the Property and Premises are in substantially the same condition existing as of the Commencement Date, less ordinary wear and tear. Licensee shall be liable for any and all damage caused by removal of Licensee's Antenna Facilities. In the event that the Licensee fails to remove Licensee's Antenna Facilities within such thirty (30) days, Licensors may remove Licensee's Antenna Facilities at Licensee's sole cost and expense. If such time for removal of Licensee's Antenna Facilities causes Licensee to remain on the Premises after termination of this License, Licensee shall pay License Fee at the then existing monthly rate until such time as the removal of the Antenna Facilities are completed.

12. Default and Right to Cure. Notwithstanding anything contained herein to the contrary and without waiving any other rights granted to it at law or in equity, either party shall have the right, but not the obligation, to terminate this License on written notice pursuant to Section 16 hereof, to take effect immediately, if the other party fails to perform any covenant for a period of thirty (30) days after receipt of written notice thereof to cure.

13. Taxes. Licensee shall pay when due any personal property, real estate taxes, assessments, or charges owed on the Property which is attributable to this License or Licensee's use of the Premises and/or the installation, maintenance, and operation of the Licensee's improvements, including any increase in real estate taxes at the Property which is attributable to this License or Licensee's improvements and/or Licensee's use of the Premises. Licensors and Licensee shall each be responsible for the payment of any taxes, levies, assessments and other charges imposed including franchise and similar taxes imposed upon the activities conducted by Licensors or Licensee at the Property.

14. Insurance. Prior to Licensee accessing the Property, Licensee shall provide to Licensors proof of insurance, at Licensee's sole cost and expense, to remain in full force and effect during the entire term of this License. The following policies must be maintained: (i) Commercial General Liability Insurance in an aggregate amount of not less than one million

and no/100 dollars (\$1,000,000.00); (ii) Workers' Compensation Insurance as required by law; (iii) Automobile Liability Insurance with a combined single limit of not less than One Million Dollars (\$1,000,000.00) per accident; (iv) Employer's Liability Insurance with a limit not less than One Million Dollars (\$1,000,000.00) per occurrence. Licensee may satisfy this requirement by obtaining the appropriate endorsement to any master policy of liability insurance Licensee may maintain. Licensee shall name Licensors as an additional insured on all required insurance policies.

15. Indemnification. Licensee hereby agrees to indemnify, defend and hold harmless Licensors and Licensors' officers, directors, partners, shareholders, employees, agents, contractors or subcontractors from and against any and all losses, claims, liabilities, damages, costs and expenses (including reasonable attorney's fees and costs) and injuries (including personal injuries or death) (collectively, "Losses and Injuries") arising from or in connection with Licensee's use, operation, maintenance or repair of Licensee's Antenna Facilities at the Premises or access over Licensors' Property, any activities including those performed pursuant to the Option provisions contained herein, or Licensee's shared use of Licensors' easements for access to the Premises; provided, that Licensee's obligation to indemnify and hold harmless shall only be to the extent Licensee or its employees, officers or agents causes the Losses and Injuries. Notwithstanding anything to the contrary in this License, the parties hereby confirm the provisions of this Section shall survive the expiration or termination of this License.

16. Notices. All notices, requests, demands and other communications shall be in writing and are effective five (5) days after deposit in the U.S. mail, certified and postage paid, or upon receipt if personally delivered or sent by next-business-day delivery via a nationally recognized overnight courier to the addresses set forth below. Licensors or Licensee may from time to time designate any other address for this purpose by providing written notice to the other party.

If to Licensee, to:

Royal Street Communications California, LLC
2913 El Camino Real #561
Tustin, CA 92782
Attn: Property Manager
Telephone: (714) 730-3100
Fax: (714) 730-3201
Fax: (714) 730-3201

And with a copy to:

Royal Street Communications
2345 N. Central Expressway, Suite 1200
Richardson, TX 75080
Attn: John R. Lister

If to Licensors, to:

City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345
Attn: Steven Lantsberger, Director of
Real Estate
Telephone: (760) 947-1906
Fax: (760) 947-1917

And with a copy to:

Aleshire & Wynder, LLP
18881 Von Karman Ave., Ste. 400
Irvine, CA 92612
Attn: Eric L. Dunn
Telephone: (949) 223-1170

Send License Fee Payments to:

City of Hesperia

9700 Seventh Avenue

Attn: Finance Department

Telephone: (760) 947-1441

17. Quiet Enjoyment and Authority. So long as Licensee or Licensors is not in default under this License, Licensee and Licensors shall be entitled to quiet enjoyment of the Premises during the Initial Term of this License or any Renewal Term, and Licensee or Licensors shall not be disturbed in its occupancy and use of the Premises. As of the Effective Date and at all times during the Initial Term and any Renewal Terms of this License, the parties agrees (i) the parties have the full right, power and authority to execute and perform this License; and (ii) execution and performance of this License will not violate any laws, ordinances, covenants, or the provisions of any mortgage, lease, or other agreement binding on either party.

Title to Licensee's Antenna Facilities and any equipment placed on the Premises, shall be held by Licensee. All of Licensee's Antenna Facilities shall remain the property of Licensee and are not fixtures. Licensee has the right to remove all Licensee's Antenna Facilities at its sole expense on or before the expiration or termination of this Lease Agreement. Licensors acknowledges that Licensee may enter into financing arrangements including promissory notes and financial and security agreements for the financing of Licensee's Antenna Facilities with a third party financing entity and may in the future enter into additional financing arrangements with other financing entities. In connection therewith, Licensors (i) consents to the installation of the Antenna Facilities to the extent that the Antenna Facilities are part of the approved Licensee's Antenna Facilities; (ii) disclaims any interest in the Antenna Facilities, as fixtures or otherwise, whether arising at law or otherwise, including, but not limited to any statutory landlord's lien ; and (iii) agrees that the Antenna Facilities shall be exempt from execution, foreclosure, sale, levy, attachment, or distress for any Rent due or to become due and that such Antenna Facilities may be removed at any time without recourse to legal proceedings."

18. Condemnation. If a condemning authority takes all of Licensors's Property, or a portion which in Licensee's reasonable opinion is sufficient to render the Premises unsuitable for Licensee's ongoing operation of a wireless communications site, then this License shall terminate without further liability of Licensee as of the date when possession is delivered to the condemning authority. In any condemnation proceeding each party shall be entitled to make a claim against the condemning authority for just compensation recoverable under applicable condemnation law. Sale of all or part of the Premises to a purchaser with the power of eminent domain in the face of the exercise of its power of eminent domain shall be treated as a taking by a condemning authority.

19. Environmental Laws. Licensors and Licensee shall not introduce or use on the Property any substance, chemical or waste that is identified as hazardous, toxic or dangerous (collectively, "Hazardous Substance") in violation of any applicable law. Each

party agrees to defend, indemnify and hold harmless the other from and against any and all administrative and judicial actions and rulings, claims, causes of action, demands and liability (collectively, "Claims") including, but not limited to, damages, costs, expenses, assessments, penalties, fines, losses, judgments and reasonable attorney fees that the indemnitee may suffer or incur due to the existence or discovery of any Hazardous Substances on the Property or the migration of any Hazardous Substance to other properties or the release of any Hazardous Substance into the environment (collectively, "Actions"), that relate to or arise from the indemnitor's activities on the Property. The indemnifications in this Section specifically include, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any governmental authority. This Section 19 shall survive the termination or expiration of this License.

20. Assignment and Subleasing. . Licensors may assign or transfer this License Agreement to any person or entity without any requirement for prior approval by Licensee, provided that such assignee or transferee agrees in writing to fulfill the duties and obligations of the Licensor in said License Agreement, including the obligation to respect Licensee's rights to nondisturbance and quiet enjoyment of the Premises during the remainder of the Term and any Renewal Term hereof.

Licensee may assign or transfer this License Agreement, with notice to Licensor, upon completion of the contemplated Antenna Facilities and issuance of Certificate of completion by the City of Hesperia, to any of Licensee's partners, shareholders, members, subsidiaries, or closely related affiliates, to any entity in which Licensee or any of its affiliates which holds a majority ownership interest, or to a person or entity acquiring by purchase, merger or operation of law a majority of the value of the assets of Licensee, provided Licensee remains subject to the Indemnity provisions of Paragraph 15 of this License for any activity that occurs prior to the effective date of the assignment .

As to all others, Licensee shall not assign or transfer this License Agreement to any other person or entity without the prior written approval of Licensor. Upon request, Licensee shall provide Licensor with the proposed assignee's name and contact information, a draft form of Assignment & Assumption agreement that Licensee and assignee have stipulated they would agree to, a statement of financial condition of Assignee satisfactory in form and content to Licensor so as to provide Licensor an ability to ascertain the net worth or financial condition of Assignee and/or investigate Assign's level of expertise in the field of wireless telecommunications site management and any other documents Licensor reasonably deems necessary to reach an informed decision.

Notwithstanding anything to the contrary contained in this Agreement, Licensee may assign, mortgage, pledge, hypothecate or otherwise transfer with prior written approval of Licensor, its interest in this Agreement to any financing entity, or agent on behalf of any financing entity to whom Licensee (i) has obligations for borrowed money or in respect of guaranties thereof, (ii) has obligations evidenced by loans, bonds, debentures, notes or similar instruments, or (iii) has obligations under or with respect to letters of credit, bankers acceptances and similar facilities or in respect of guaranties thereof. Licensee shall

provide no less than sixty (60) days written notice to Licensor of its intent to assign, mortgage, pledge, hypothecate or otherwise transfer any or all of its interest in this License.

21. Successors and Assigns. This License and the Access Rights granted herein shall run with the land, and shall be binding upon and inure to the benefit of the parties, their respective successors, personal representatives and assigns, as permitted by this License.

22. Co-Location. If Licensee chooses to occupy a tower/monopole built by a third party (not a party to this License), it may engage a contractor to install its equipment on third-party owned tower/monopole subject to all the terms and conditions of this License including but not limited to those requirements set forth in Sections 6 and 9. Contractors utilized by Licensee must all provide proof of adequate insurance coverage and must name Licensor as an additional insured. Licensor shall inspect the installation and advise Licensee of any deficiencies noted.

23. Relocation of Licensee's Antenna Facilities. Subject to the other provisions of this License, in the event Licensor desires to redevelop, modify, remodel or in any way alter Licensor's Property or any improvements thereon ("Redevelopment"), Licensor shall in good faith use its best efforts to fully accommodate, Licensee's continuing use of the Premises. If any proposed Redevelopment necessitates the relocation of the Premises or Licensee's Antenna Facilities, or any alterations to Licensee's Antenna Facilities, then Licensee shall relocate or make the necessary alternations, at Licensee's sole cost, expense and risk; provided, however, that Licensor has provided Licensee with no less than six (6) months prior written notice of Licensor's proposed Redevelopment. If Licensee, in its sole discretion, can not relocate to a location on Licensor's Property which is technologically and operationally feasible, then Licensee may terminate this License with thirty (30) days written notice to Licensor. Licensor shall only be entitled to require Licensee to relocate Licensee's Antenna Facilities as set forth above after the expiration of the Initial Term.

24. Severability. If any term of this License is found to be void or invalid, then such finding shall not affect the remaining terms of this License, which shall continue in full force and effect. The parties agree that if any provisions are deemed not enforceable, they shall be deemed modified to the extent necessary to make them enforceable. Any questions of particular interpretation shall not be interpreted against the draftsman, but rather in accordance with the fair meaning thereof. No provision of this License will be deemed waived by either party unless expressly waived in writing and signed by the waiving party. No waiver shall be implied by delay or any other act or omission of either party. No waiver by either party of any provision of this License shall be deemed a waiver of such provision with respect to any subsequent matter relating to such provision.

25. Governing Law and Venue. This License shall be construed in accordance with the laws of the State of California. The parties further agree that San Bernardino County, California is the proper place for venue as to any litigation and Licensee agrees to submit to personal jurisdiction of such court in the event of litigation.

26. Attorneys Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

27. Entire Agreement; Amendments. This License constitutes the entire agreement and understanding of the parties regarding Licensee's use of the Property for the Antenna Facilities, and supersedes all offers, negotiations and other agreements. There are no representations or understandings of any kind not set forth herein. Any amendments to this License must be in writing and executed by both parties.

28. Waiver. No provision of this License shall be deemed to have been waived by a party unless the waiver is in writing and signed by the party against whom enforcement of the waiver is attempted. No custom or practice which may develop between the parties in the implementation or administration of the terms of this License shall be construed to waive or lessen any right to insist upon strict performance of the terms of this License.

29. Miscellaneous.

(a) Licensee shall submit to Licensor a surety bond in accordance with Exhibit "D" attached hereto.

(b) Licensor shall not be responsible for any vandalism that may occur upon the Premises by circumstances beyond the reasonable control of Licensor. Licensee acknowledges that it is responsible for graffiti or other vandalism on the Antenna Facilities owned by Licensee.

(c) Licensor may post upon the Premises a "Notice of Non-Responsibility."

(d) If any alarm system is utilized by the Licensee on the Premises, said alarm system shall be linked to a private monitoring company and a 24 hour contact number shall be provided to the City prior to operation of the Antenna Facilities.

(e) Prior to any installation of the Antenna Facilities, Licensee agrees to obtain all required permits and/or licenses pertaining to the installation, operation, maintenance and repair of its equipment on the Premises including but not limited to applicable licenses from the Federal Communications Commission or applicable permits from Licensor including any applicable conditional use permit.

(f) Licensee agrees not to maintain nor permit any nuisances on the Premises, nor permit the Premises to be used for any purpose or use in violation of any of the laws, ordinances, rules or regulations of any public authority applicable thereto.

(g) Each party agrees to cooperate with the other in executing any documents (including a Memorandum of License in substantially the form attached hereto as Exhibit "C") necessary to protect its rights or use of the Premises. The Memorandum of License may be recorded in place of this License, by either party.

(h) This License may be executed in any number of counterpart copies, each of which shall be deemed an original, but all of which together shall constitute a single instrument.

(i) All Exhibits referred to herein and any Addenda are incorporated herein for all purposes. The parties understand and acknowledge that Exhibit "A" (the legal description of the Property) and Exhibit "B" (the Premises location within the Property), may be attached to this License and the Memorandum of License, in preliminary form. Accordingly, the parties agree that upon the preparation of final exhibit(s) (that have been approved by Licensor) the preliminary exhibit(s) may be replaced by Licensee with such final exhibit(s). The terms of all Exhibits are incorporated herein for all purposes.

(j) If Licensee is represented by any broker or any other leasing agent, then Licensee is responsible for all commission fees or other payment to such agent, and agrees to indemnify and hold Licensor harmless from all claims by such broker or anyone claiming through such broker.

(k) Terms and condition of this License, which by their sense and context survive the expiration or termination of this License.

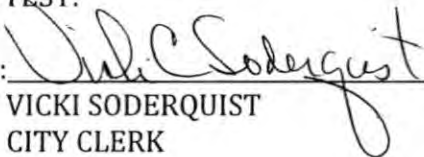
[Signatures on following page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the dates set forth below and acknowledge that this License is effective as of the date of execution by Licensor.

LICENSOR:

HESPERIA FIRE DISTRICT,
a political subdivision of the State of California

ATTEST:

By: 
VICKI SODERQUIST
CITY CLERK

By: 
THURSTON "SMITTY" SMITH
CHAIR

Dated: 3/24/10

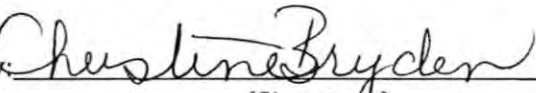
Seal

APPROVED AS TO FORM:

By: 
CITY ATTORNEY

LICENSEE:

Royal Street Communications California, LLC,
a Delaware limited liability company

By: 
(Signature)

Christine Bryden

Print Name Network Development Manager

Title: _____

Date: 3/23/10

Exhibit A

Legal Description of Property

Licensors' Property, with Assessor's Parcel Number 0409-032-23 and 24, of which the Premises are a part is described as follows:

All that certain real property situated in the County of San Bernardino, State of California, described as follows:

Lots 215 and 216 of Tract No. 4957, Old Trail Ranchos Unit No. 2, as per plat recorded in Book 60, Pages 73 to 76, inclusive, records of said County.

Excepting therefrom an undivided $\frac{1}{2}$ interest in and to all oil, gas and minerals lying and being more than 200 feet below the respective present surface elevations of the above described property, provided, however, that such excepted ownership of such $\frac{1}{2}$ interest in and to such oil, gas and minerals does not include and shall not be construed to include any right of entry upon any part of the surface of the herein described property for the purpose of exploration, development, drilling, storage or other activity ancillary to the removal of such oil, gas or minerals, as excepted in the Deed from Appleton Land, Water and Power Company, to N.K. Mendelsohn, et al, recorded June 11, 1954, in Book 3400, Page 409, Official Records.

Also known as: 9430 Eleventh, Hesperia, CA 92345-3375

APN: 0409-032-23 and 24

Exhibit B

Description of Premises

The Premises consist of those specific areas (described or shown in the attachment) where the Antenna Facilities occupy Licensor's Property. The Premises and the associated utility connections and access, including easements, ingress, egress, dimensions, and locations as described/shown, are approximate only and may be adjusted or changed by Licensee, subject to Licensor's written approval, at any time including at the time of construction to reasonably accommodate sound engineering criteria and the physical features of Licensor's Property.

[Attached hereto is drawing identified as "Site Plan, Equipment Plan and Elevations" dated Delta Groups Engineering with numbered pages LS-1, A-1, A-1.1, A-2 and A-3 dated 06/25/09.]

(A final drawing or copy of a property survey or site plan depicting the above shall be included in this Exhibit B when initialed by Licensor or Licensor's designated agent and may be modified from time to time when initialed by both Licensor's and Licensee.)

Exhibit C

Memorandum of License

CLERK: Please return this document to:

Steven Lantsberger, CED/EDFP

Deputy Director of Economic Development/Director of Real Estate

City of Hesperia

9700 Seventh Avenue

Hesperia, CA 92345

This Memorandum of License is entered into on this ____ day of _____, _____ by and between HESPERIA FIRE DISTRICT, A BODY POLITIC AND CORPORATE, with an office at 9700 Seventh Avenue, Hesperia, CA 92345 (hereinafter referred to as "Licensor"), and Royal Street Communications California, LLC, a Delaware limited liability company with an office at 2913 El Camino Real, # 561 Tustin, CA 92782 (hereinafter referred to as "Licensee").

1. Licensor and Licensee entered into a License with Option Agreement ["Agreement"] on the ____ day of _____, _____ for the purpose of installing, operating and maintaining a communications facility and other improvements. All of the foregoing is set forth in the Agreement.

2. The term of the Agreement is for five (5) years commencing on the date of the exercise of the Option ("Commencement Date"), and terminating on fifth (5th) year anniversary of the Commencement Date, with two (2) successive five (5) year options to renew unless terminated earlier pursuant to the Agreement.

3. The Property which is the subject of the Agreement is described in Exhibit A and the Premises is depicted in Exhibit B and attached hereto.

IN WITNESS WHEREOF, the parties have executed this Memorandum of License as of the day and year first above written.

Licensor:

HESPERIA FIRE DISTRICT, A BODY POLITIC AND CORPORATE

By: _____

Name: _____

Title: _____

Date: _____

Licensee:

Royal Street Communications California, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same is his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(SEAL)

STATE OF _____

COUNTY OF _____

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same is his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(SEAL)

Exhibit D

Bond Requirements

No demolition nor construction shall be commenced nor be deemed to have commenced at the Premises until Licensee has provided Licensor with a surety bond in the amount of the total estimated demolition or construction costs of the improvements to be constructed by Licensee, whichever is higher. The surety bond shall be in a form acceptable to the Licensor's Engineer and shall state the following:

1. That it is conditioned to secure the completion of the proposed demolition or construction, free from all liens and claims of contractors, subcontractors, mechanics, laborers, and materialmen.

2. That the installation, removal, demolition or construction work shall be fully and faithfully performed by Licensee, the general contractor, or, on their default, the surety.

3. That in default of such completion and payment, such part of the amount of the bond as shall be required to complete the work shall be paid to Licensor as liquidated and agreed damages for the non-performance of the Licensee's obligation under this License, it being agreed that the amount of Licensor's damages is extremely difficult to ascertain and determine.

4. That the surety will defend and indemnify Licensor against all loss, costs, damage, expense, claims, and liabilities arising out of or connected with the demolition and construction.

In lieu of a surety bond, Licensee may provide surety bonds supplied by Licensee's general contractor or contractors, provided such bonds contain the same conditions, are issued jointly to Licensee and Licensor, and are in an amount equal to the total estimated demolition costs and construction cost of the improvements.

Should Licensee act as owner/builder then all subcontractors shall provide demolition and/or construction surety bonds on the same conditions as above stated for surety bonds to be provided by Licensee's general contractor.

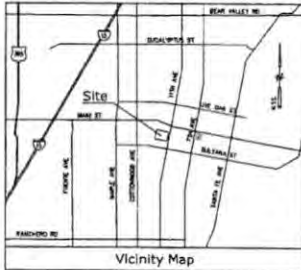
All surety bonds must be issued by a responsible surety company qualified to do business in the State of California, acceptable to the Licensor's Engineer, and shall remain in effect until the Antenna Facilities have been removed in accordance with this License.

Upon completion of the improvements and any approved modification thereto, Licensor shall execute and deliver to Licensee a Certificate of Completion which shall recite that Licensor has inspected and approved all of the improvements and that there exists no default in this License with respect to the improvements as of the date of the Certificate, if such is the fact.

In the event a lien is imposed upon the Premises as a result of such demolition, construction, repair, alteration, or installation, Licensee shall procure and record a surety bond, naming Licensor as obligee, which frees the Premises from the claim of the lien and from any action brought to foreclose the lien.

Should Licensee fail to procure and record said bond within ten (10) days after the filing of any such lien, this License shall be in default and shall be subject to immediate termination by Licensor, anything in this License to the contrary notwithstanding.

Exhibit E
Co-Location Agreement



Title Report

PREPARED BY: LUTHERS REAL ESTATE CORPORATION
 ORDER NO. 1000000
 DATED MAY 4, 2008

Legal Description

LOT 215 AND 216 OF TRACT NO. 4957, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75.

Assessor's Parcel Nos.

040-000-00-00-00-00-00

Easements

1. EASEMENT FOR PUBLIC UTILITIES AS SHOWN ON MAP IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75.
2. EASEMENT FOR PUBLIC UTILITIES AS SHOWN ON MAP IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75.
3. EASEMENT FOR PUBLIC UTILITIES AS SHOWN ON MAP IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75.

Access Route

A TRAIL OF LAND 10 FEET WIDE BRANDED WITH A PORTION OF LOT 215 AND LOT 216 OF TRACT NO. 4957, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75.

Lease Area

THE TRACT OF LAND 10 FEET WIDE BRANDED WITH A PORTION OF LOT 215 AND LOT 216 OF TRACT NO. 4957, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75.

Utility Route

THE TRACT OF LAND 10 FEET WIDE BRANDED WITH A PORTION OF LOT 215 AND LOT 216 OF TRACT NO. 4957, IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS SHOWN BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75, AND BY MAP IN FILE IN BOOK 60, PAGE 75.

Geographic Coordinates at Existing Monopine

THE LATITUDE AND LONGITUDE SHOWN HEREIN ARE ACCURATE TO WITHIN 1/1000 OF A FOOT. THE LATITUDE AND LONGITUDE SHOWN HEREIN ARE ACCURATE TO WITHIN 1/1000 OF A FOOT. THE LATITUDE AND LONGITUDE SHOWN HEREIN ARE ACCURATE TO WITHIN 1/1000 OF A FOOT. THE LATITUDE AND LONGITUDE SHOWN HEREIN ARE ACCURATE TO WITHIN 1/1000 OF A FOOT.

Basis of Bearings

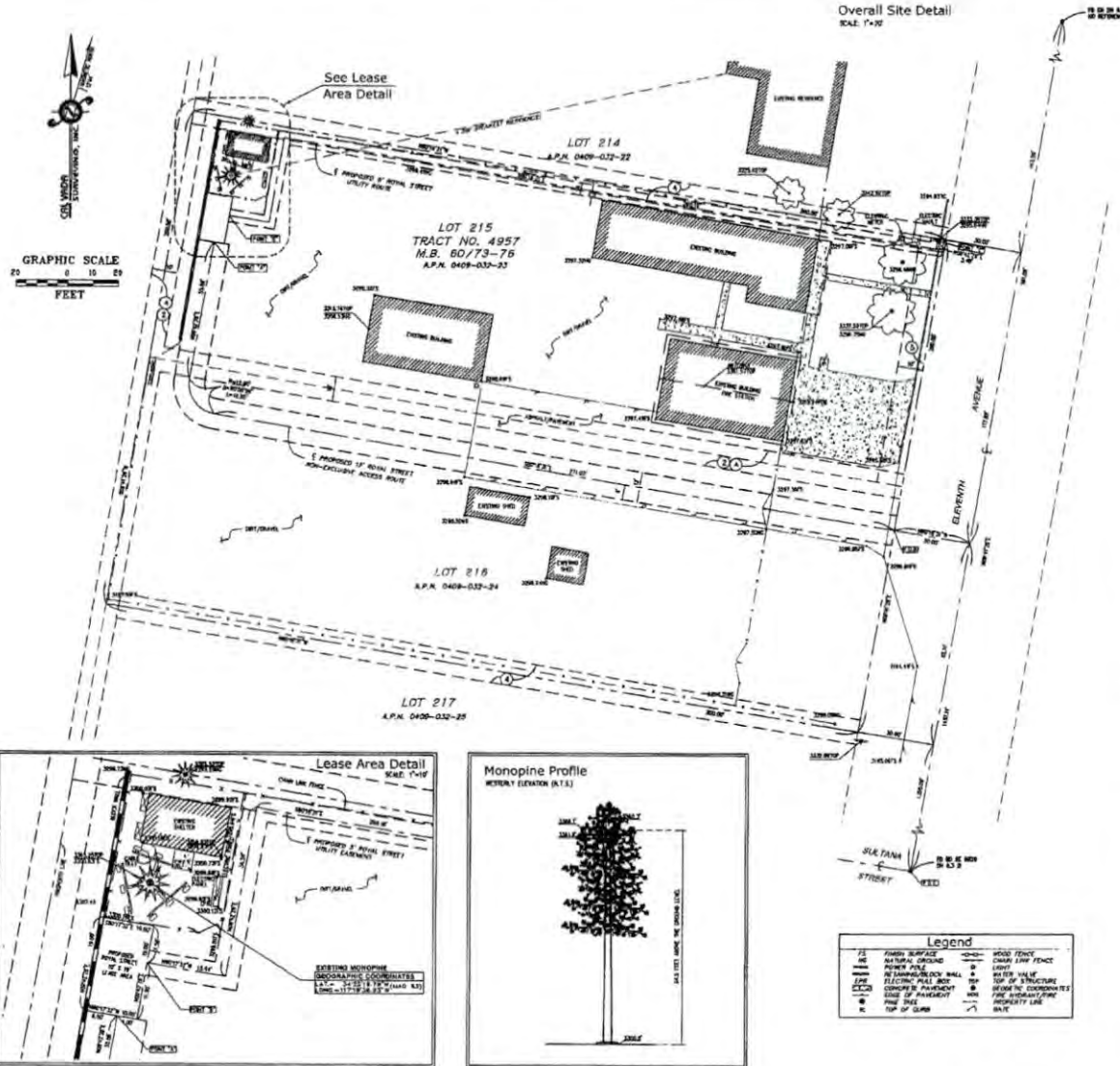
THE STATE PLANE COORDINATE SYSTEM OF 1983 (NAD 83), CALIFORNIA ZONE 10.

Bench Mark

THE HIGH CORNER, TOWN, TABLE MOUNTAIN (2000 DATUM), ELEVATION = 1000.00 FEET (1000.00).

Date of Survey

MAY 10, 2008



Royal Street Communications, CA LLC

2811 EL CAMINO REAL, SUITE 100
 TUSTIN, CA 92780

DELTA GROUPS

ENGINEERING, INC.
 CONSULTING ENGINEERS
 2302 MIDWAY AVE.
 IRVINE, CA 92614

TEL: (949) 920-0333
 FAX: (949) 617-2082

CAL VADA

SURVEYING, INC.
 401 JUNE DR., SUITE 200, CORONA, CA 92606
 PHONE: (951) 260-8000 FAX: (951) 260-8716
 TEL FAX: (951) 260-8716

EX. NO. 10148

LICENSE

REVISION	DATE	DESCRIPTION
1	05/10/08	PRELIMINARY
2	05/10/08	ACCESS EASEMENT AND UTILITY EASEMENT AND LEASE AREA
3	05/10/08	TITLE REPORT 1 FINAL
4	05/10/08	LEASE AREA UPDATE

SITE INFORMATION

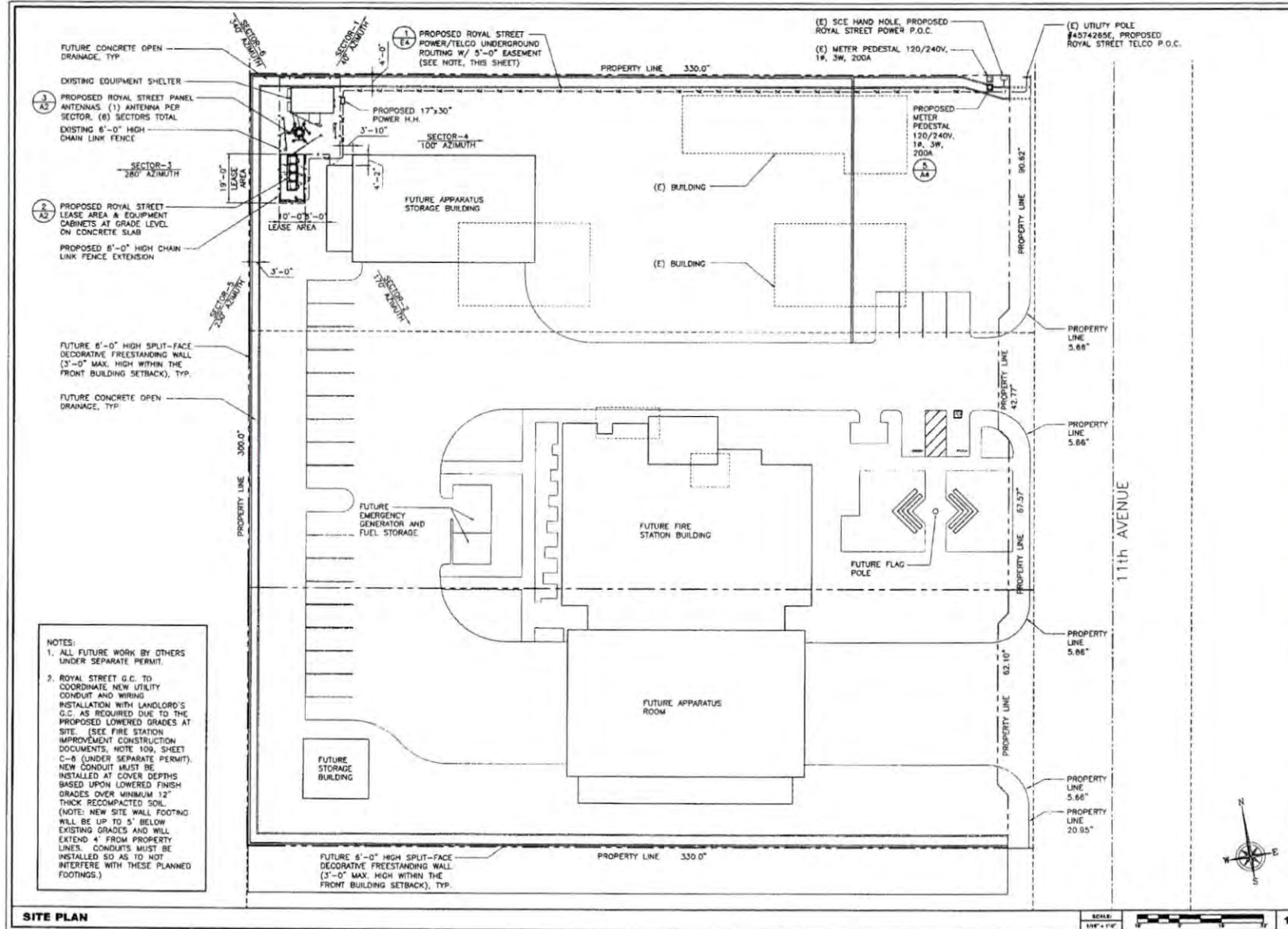
LA3336A
TMO COLO IE04522
FIRE STATION 301
 9430 ELEVENTH AVENUE
 HESPERIA, CA 92348
 SAN BERNARDINO COUNTY

SHEET TITLE

TOPOGRAPHIC SURVEY

SHEET NUMBER

LS-1
 SHEET 1 OF 1



**Royal Street
Communications CA, LLC**
350 COMMERCE, STE. 200
IRVINE, CA 92602

PROJECT INFORMATION:

FIRE STATION #301
LA3336A
9430 11th AVE.
HESPERIA, CA 92345

CURRENT ISSUE DATE: 06/25/09

ISSUED FOR: **100% CD'S**

[illegible]

PLANS PREPARED BY: _____

 **DELTA GROUPS
ENGINEERING, INC.**
CONSULTING ENGINEERS

3285 MADISON AVE.
IRVINE, CA 92614
TEL. (714) 832-0332
(CIRCLE NO.) ENR4153A

FAX (949) 832-0331

CONSULTANT

DRAWN BY: _____ CHK.: _____ APV.: _____		
TT	FD	WD

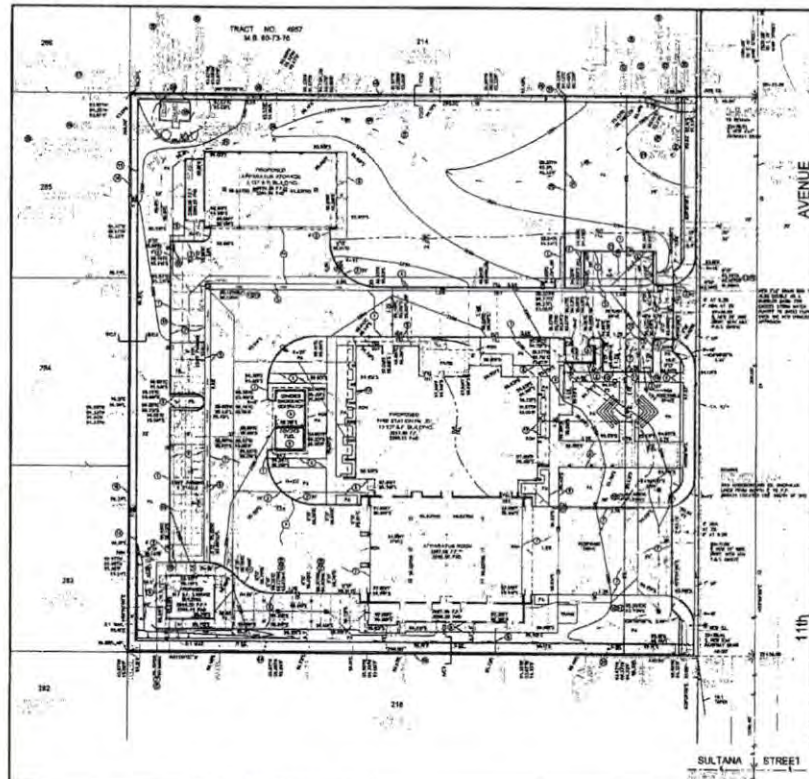
LICENSER: _____

SHEET TITLE: _____

SITE PLAN

SHEET NUMBER _____

A1



DESIGNED BY: M.S.L.	DESIGNED BY: M.S.L.
DRAWN BY: G.R.H.	DRAWN BY: G.R.H.
CHECKED BY: M.S.L.	CHECKED BY: M.S.L.
DATE: 01/07/09	DATE: 01/07/09
DESCRIPTION: PRECISE GRADING & DRAINAGE PLAN	DESCRIPTION: PRECISE GRADING & DRAINAGE PLAN

PLANS PREPARED BY:
MSL ENGINEERING, INC.
 1000 S. 11th Avenue, Suite 100
 Hesperia, CA 92345
 (760) 933-1111
 FAX (760) 933-1112

CITY OF HESPERIA
 ENGINEERING DEPARTMENT
 RECOMMENDED FOR APPROVAL BY: [Signature]
 DATE: 01/07/09

CITY OF HESPERIA
 FIRE STATION NO. 301
 8400 N. 11th Avenue, Hesperia, CA 92345
 PRECISE GRADING AND DRAINAGE PLAN
 SHEET 5 OF 14
 C-5



WLC
Architects
 SOUTHERN CALIFORNIA
 10075 Foothill Boulevard
 Hesperia, California 92345
 TEL: 760.933.0009
 FAX: 760.933.0009

Hesperia Fire Station No. 301
 San Bernardino County Fire Department
 9430 N. 11th Avenue, Hesperia, CA 92345



CONSULTANT:
DELTA GROUPS ENGINEERING, INC.
 2342 Midway Ave.
 Irvine, CA 92614
 TEL: 949.451-8333
 FAX: 949.451-8333
 WWW.DELTAEIR.COM

DRAWN BY: [Signature] CHK: [Signature] APV: [Signature]
 TT FG WD

LICENSER:
 [Signature]

SHEET TITLE:
Precise Grading & Drainage Plan
 (For Reference Only)

SHEET NUMBER:
A1.1

Royal Street
Communications CA, LLC
 350 Commerce, Ste. 200
 Irvine, CA 92602

PROJECT INFORMATION:

FIRE STATION #301
LA3336A
 9430 11th Ave
 Hesperia, CA 92345

CURRENT ISSUE DATE:

06/25/09

ISSUED FOR:

100% CD'S

REV. DATE DESCRIPTION BY

REV.	DATE	DESCRIPTION	BY
3	06/25/09	100% CD'S	TT
2	03/05/09	100% CD'S	TT
1	02/02/09	100% CD'S	TT
0	01/07/08	90% CD'S	TT

PLANS PREPARED BY:

DELTA GROUPS
ENGINEERING, INC.
CONSULTING ENGINEERS
 2342 Midway Ave.
 Irvine, CA 92614
 TEL: 949.451-8333
 FAX: 949.451-8333
 WWW.DELTAEIR.COM

CONSULTANT:

DRAWN BY: [Signature] CHK: [Signature] APV: [Signature]
 TT FG WD

LICENSER:

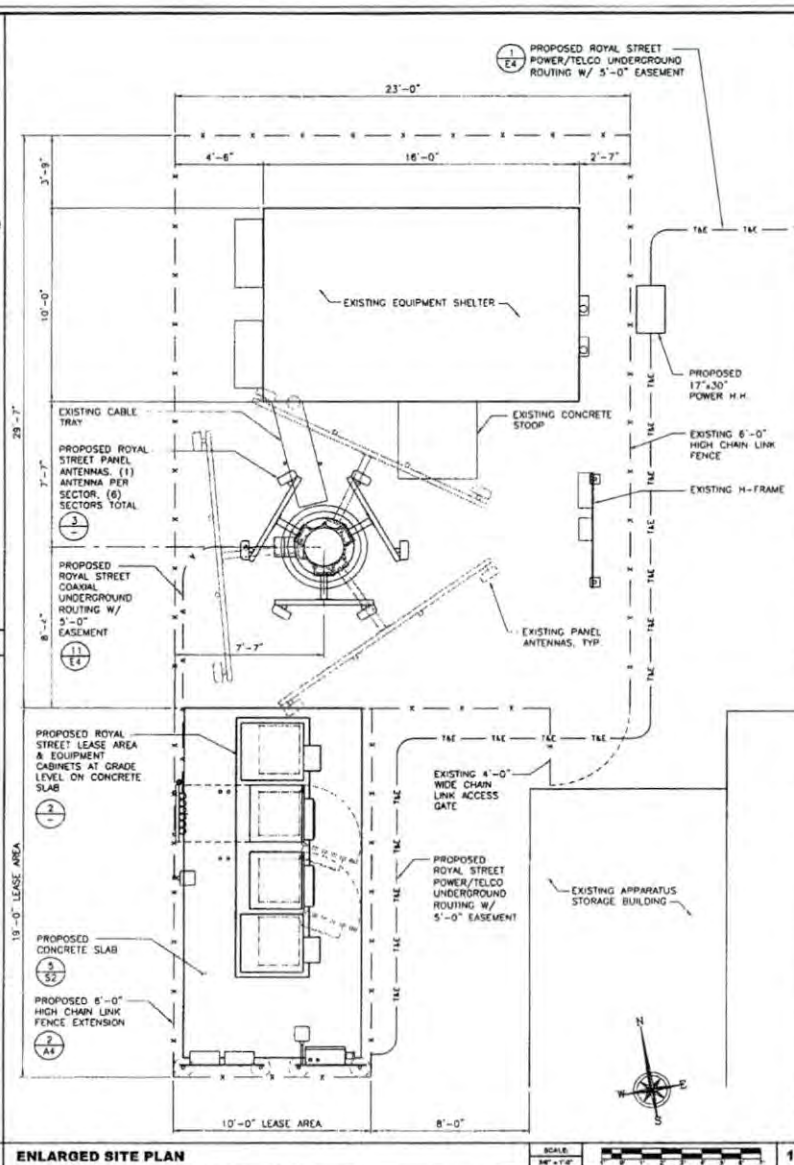
[Signature]

SHEET TITLE:

Precise Grading & Drainage Plan
 (For Reference Only)

SHEET NUMBER:

A1.1



SCALE		1
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11

**Royal Street
Communications CA, LLC**
350 COMMERCIAL, STE. 200
IRVINE, CA 92602

PROJECT INFORMATION

**FIRE STATION #301
LA3336A**
8430 118th AVE
HESPERIA, CA 92345

CURRENT ISSUE DATE

06/25/09

ISSUED FOR:

100% CD'S

REV. DATE DESCRIPTION BY

REV.	DATE	DESCRIPTION	BY
3	06/25/09	100% CD'S	TT
2	03/05/09	100% CD'S	TT
1	02/02/09	100% CD'S	TT
0	01/07/08	90% CD'S	TT

PLANS PREPARED BY

**DELTA GROUPS
ENGINEERING, INC.**
CONSULTING ENGINEERS

2345 HUNTER AVE
IRVINE, CA 92614
TEL: (949) 833-0333 FAX: (949) 833-0331
BUS. NO.: 10061354

CONSULTANT:

DRAWN BY: CHK: APV:
TT FO WD

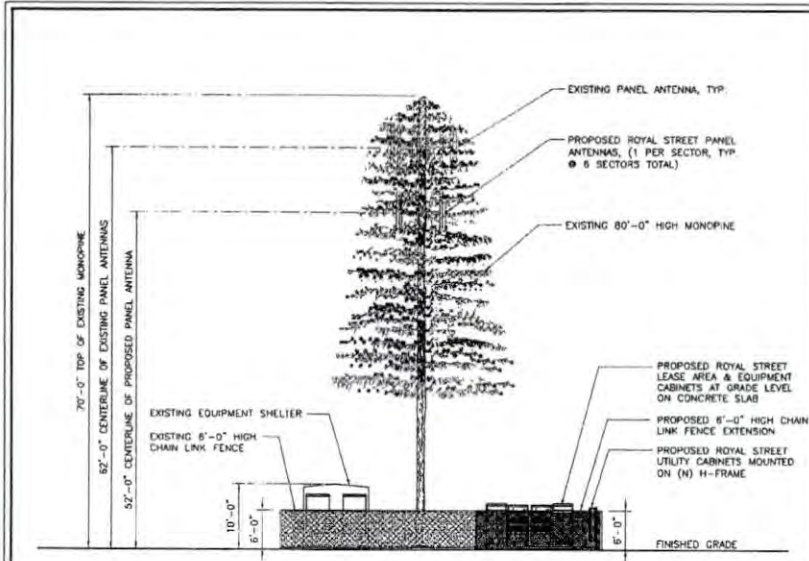
LICENSER:

SHEET TITLE:

ELEVATIONS

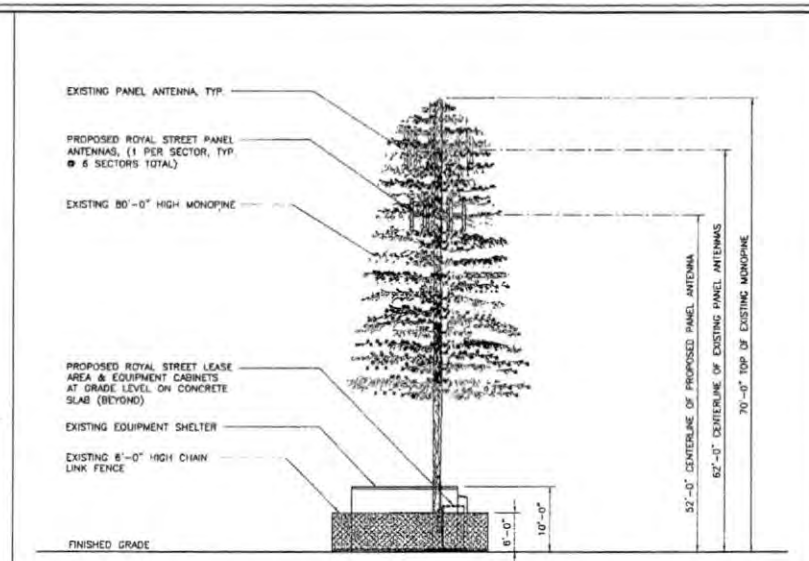
SHEET NUMBER:

A3



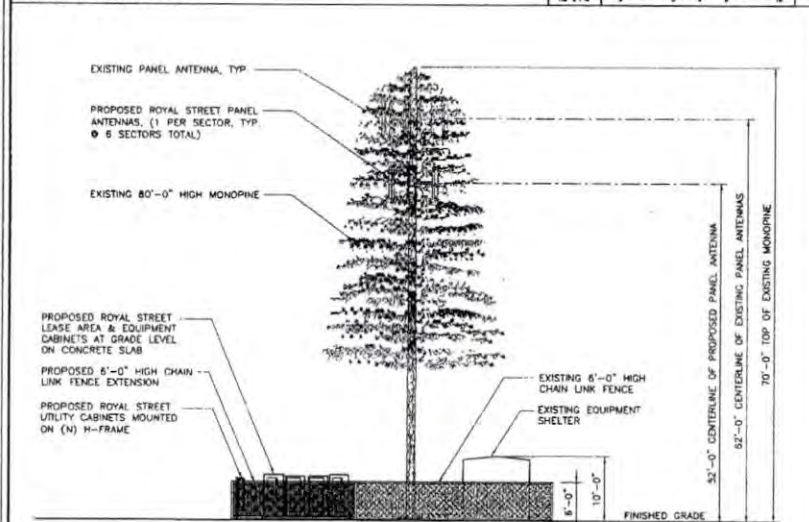
WEST ELEVATION

SCALE: 1/8" = 1'-0" 3



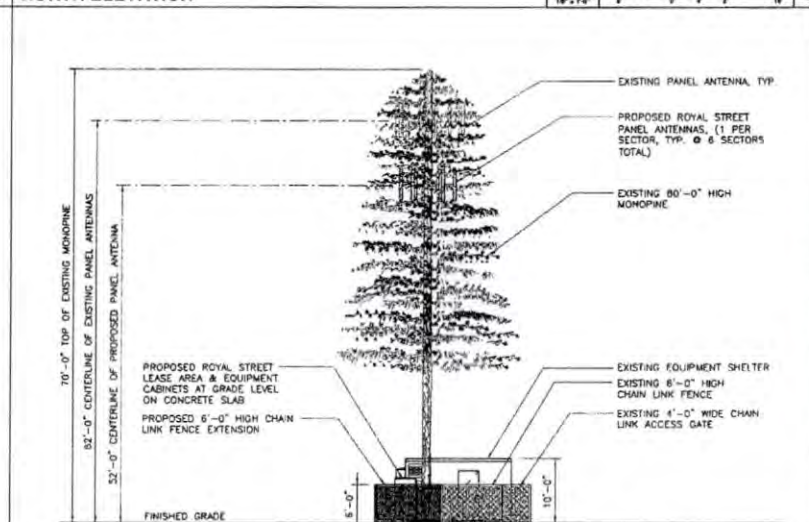
NORTH ELEVATION

SCALE: 1/8" = 1'-0" 1



EAST ELEVATION

SCALE: 1/8" = 1'-0" 4



SOUTH ELEVATION

SCALE: 1/8" = 1'-0" 2

Clerk: Please return this document to:

Steve Lantsberger, CED/ EDFP
Deputy Director of Economic Development / Director of Real Estate
City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345

FILE COPY

Memorandum of License

This Memorandum of License is entered into on this ____ day of _____, by and between CITY OF HESPERIA, A POLITICAL CORPORATION AND/OR GOVERNMENTAL AGENCY, with an office at 9700 Seventh Avenue, Hesperia, CA 92345 (hereinafter referred to as "Licensor"), and Royal Street Communications California, LLC, a Delaware limited liability company, with an office at 2913 El Camino Real, # 561 Tustin, CA 92782 (hereinafter referred to as "Licensee").

1. Licensor and Licensee entered into a License with Option Agreement ["Agreement"] on the ____ day of _____, for the purpose of installing, operating and maintaining a communications facility and other improvements. All of the foregoing is set forth in the Agreement.

2. The term of the Agreement is for five (5) years commencing on the date of the exercise of the Option ("Commencement Date"), and terminating on fifth (5th) year anniversary of the Commencement Date, with two (2) successive five (5) year automatic renewal options, unless otherwise terminated earlier pursuant to the Agreement.

3. The Property which is the subject of the Agreement is described in Exhibit A and the Premises is depicted in Exhibit B and attached hereto.

IN WITNESS WHEREOF, the parties have executed this Memorandum of License as of the day and year first above written.

LICENSOR:

CITY OF HESPERIA,
A POLITICAL CORPORATION AND/OR
GOVERNMENTAL AGENCY

By: _____

Name: _____

Title: _____

Date: _____

Thurston E. Smith

Thurston E. Smith

Mayor

3-24-10

LICENSEE:

Royal Street Communications California, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

Christine Bryden

Christine Bryden

Network Development Manager

3/23/10

STATE OF California

COUNTY OF San Bernardino

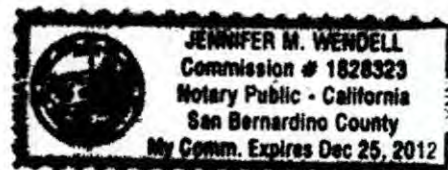
On March 24, 2010, before me Jennifer M. Wendell, Notary Public, personally appeared Thurston E. Smith, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same is his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

J M W
Notary Public

(SEAL)



STATE OF _____

COUNTY OF _____

SEE ATTACHED

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same is his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(SEAL)

EXHIBIT A

DESCRIPTION OF LAND

to the Agreement dated _____, 20____, by and between CITY OF HESPERIA, A POLITICAL CORPORATION AND/OR GOVERNMENTAL AGENCY, as Licensor, and Royal Street Communications California, LLC, a Delaware limited liability company, as Licensee.

All that certain real property situated in the County of San Bernardino, State of California, described as follows:

Lots 215 and 216 of Tract No. 4957, Old Trail Ranches Unit No. 2, as per plat recorded in

STATE OF CALIFORNIA

COUNTY OF ORANGE

On March 23, 2010, before me, Robin Hickman, Notary Public, personally appeared Christine Bryden, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

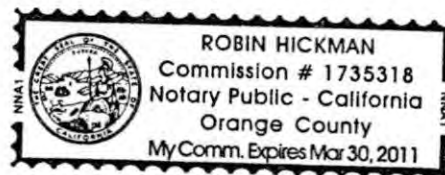
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Robin Hickman
Notary Public

My commission expires: 3/30/2011

(SEAL)



Book 60, Pages 73 to 76, inclusive, records of said County.

Excepting therefrom an undivided $\frac{1}{2}$ interest in and to all oil, gas and minerals lying and being more than 200 feet below the respective present surface elevations of the above described property, provided, however, that such excepted ownership of such $\frac{1}{2}$ interest in and to such oil, gas and minerals does not include and shall not be construed to include any right of entry upon any part of the surface of the herein described property for the purpose of exploration, development, drilling, storage or other activity ancillary to the removal of such oil, gas or minerals, as excepted in the Deed from Appleton Land, Water and Power Company, to N.K. Mendelsohn, et al, recorded June 11, 1954, in Book 3400, Page 409, Official Records.

Also known as: 9430 Eleventh, Hesperia, CA 92345-3375

APN: 0409-032-23 and 24

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Royal Street Communications California, LLC
2913 El Camino Real, # 561
Tustin, CA 92782
Attn.: Property Management
Site #LA3336A

This Memorandum of Agreement is entered into on this ____ day of _____, by and between CITY OF HESPERIA, A POLITICAL CORPORATION AND/OR GOVERNMENTAL AGENCY, with an office at 9700 Seventh Avenue, Hesperia, CA 92345 (hereinafter referred to as "Licensor"), and Royal Street Communications California, LLC, a Delaware limited liability company, with an office at 2913 El Camino Real, #561, Tustin, CA 92782 (hereinafter referred to as "Licensee").

1. Licensor and Licensee entered into a License with Option Agreement ["Agreement"] on the ____ day of _____, for the purpose of installing, operating and maintaining a communications facility and other improvements. All of the foregoing is set forth in the Agreement.

2. The term of the Agreement is for five (5) years commencing on the date of the exercise of the Option ("Commencement Date"), and terminating on fifth (5th) year anniversary of the Commencement Date, with two (2) successive five (5) year automatic renewal options, unless otherwise terminated earlier pursuant to the Agreement.

3. The Property which is the subject of the Agreement is described in Exhibit A and the Premises is depicted in Exhibit B and attached hereto.

IN WITNESS WHEREOF, the parties have executed this Memorandum of License as of the day and year first above written.

LICENSOR:

CITY OF HESPERIA,
A POLITICAL CORPORATION AND/OR
GOVERNMENTAL AGENCY

By: _____

Name: Thorston E. Smith

Title: Mayer

Date: 3-24-10

LICENSEE:

Royal Street Communications California, LLC,
a Delaware limited liability company

By: _____

Name: Christine Bryden

Title: Network Development Manager

Date: 3/23/10

STATE OF California

COUNTY OF San Bernardino

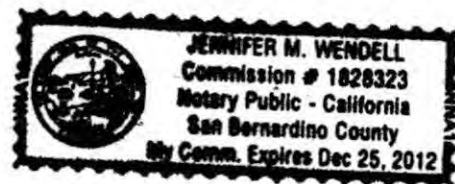
On March 24, 2012, before me, Jennifer M. Wendell, Notary Public, personally appeared Thorston E. Smith, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same is his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

J M W
Notary Public

(SEAL)



STATE OF _____

COUNTY OF _____

SEE ATTACHED

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same is his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public

(SEAL)

STATE OF CALIFORNIA

COUNTY OF ORANGE

On March 23, 2010, before me, Robin Hickman, Notary Public, personally appeared Christine Bryden, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Robin Hickman
Notary Public

(SEAL)

My commission expires: 3/30/2011

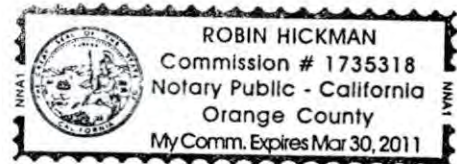


EXHIBIT A

DESCRIPTION OF LAND

to the Agreement dated _____, 20____, by and between CITY OF HESPERIA, A POLITICAL CORPORATION AND/OR GOVERNMENTAL AGENCY, as Licensor, and Royal Street Communications California, LLC, a Delaware limited liability company, as Licensee.

All that certain real property situated in the County of San Bernardino, State of California, described as follows:

Lots 215 and 216 of Tract No. 4957, Old Trail Ranchos Unit No. 2, as per plat recorded in Book 60, Pages 73 to 76, inclusive, records of said County.

Excepting therefrom an undivided ½ interest in and to all oil, gas and minerals lying and being more than 200 feet below the respective present surface elevations of the above described property, provided, however, that such excepted ownership of such ½ interest in and to such oil, gas and minerals does not include and shall not be construed to include any right of entry upon any part of the surface of the herein described property for the purpose of exploration, development, drilling, storage or other activity ancillary to the removal of such oil, gas or minerals, as excepted in the Deed from Appleton Land, Water and Power Company, to N.K. Mendelsohn, et al, recorded June 11, 1954, in Book 3400, Page 409, Official Records.

Also known as: 9430 Eleventh, Hesperia, CA 92345-3375

APN: 0409-032-23 and 24

**TOWER / STRUCTURE / EQUIPMENT
CONSTRUCTION and REMOVAL BOND**

FILE COPY

Location of tower/structure/equipment:

9430 11th Ave.
Hesperia, CA

APN: 0409-032-23 & -24
Site #: LA3336A
FA #:
Bond Number: 022028506

KNOW ALL MEN BY THESE PRESENTS:

THAT **Royal Street Communications California, LLC**, as Principal, and **Liberty Mutual Insurance Company**, a corporation duly organized under the laws of the State of Massachusetts as Surety, are held and firmly bound unto **Hesperia Fire District**, a body politic and corporate, California, as Oblige, the penal sum of **---Sixty-Five Thousand & 00/100--- Dollars (\$65,000.00)** for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents, the liability of the surety being limited to the penal sum of this bond regardless of the number of years the bond is in effect.

WHEREAS, the Principal has entered into a written agreement with the property owner for the placement of a tower, structure or equipment furnishing telephone, television or other electronic media service, which agreement sets forth the terms and conditions which govern the use of such towers, structures or equipment and which agreement is hereby specifically referred to and made part hereof, and

WHEREAS, the **Hesperia Fire District, CA**, ordinance and/or property owner, requires the submission of a bond guaranteeing the maintenance, replacement, removal or relocation of said tower,

NOW THEREFORE, the condition of this obligation is such, that if the above bounden Principal shall perform in accordance with the aforesaid ordinance and/or agreement, and indemnify the Oblige against all loss caused by Principal's breach of any ordinance or agreement relating to the construction and maintenance, replacement, removal or relocation of a tower, structure or equipment, then this obligation to be void, otherwise to remain in full force and effect unless cancelled as set forth below.

THIS BOND may be cancelled by Surety by giving thirty (30) days written notice to the Oblige by certified mail. Such cancellation shall not affect any liability the surety has incurred under this bond prior to the effective date of the termination.

PROVIDED that no action, suit or proceeding shall be maintained against the Surety on this bond unless the action is brought within twelve (12) months of the cancellation date of this bond.

SIGNED this 24th day of March, 2010 to be effective March 24, 2010.

Principal: **Royal Street Communications California, LLC**

By: X 

Surety: **Liberty Mutual Insurance Company**

By: 

David B. Ward, Attorney-in-Fact

STATE OF CALIFORNIA

COUNTY OF ORANGE

On March 26, 2010, before me, Robin Hickman, Notary Public, personally appeared Susan Delmer, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

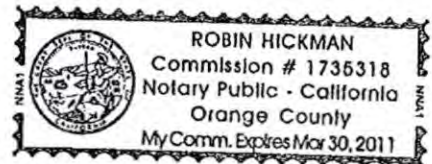
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Robin Hickman
Notary Public

(SEAL)

My commission expires: 3/30/2011



ACKNOWLEDGMENT BY SURETY

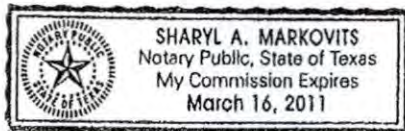
STATE OF TEXAS }
 } ss.
COUNTY OF COLLIN }

On this 24th day of March, 2010, before me personally appeared, David B. Ward, known to be the Attorney-in-Fact of Liberty Mutual Insurance Company, the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in the aforesaid County, the day and year in this certificate first above written.

My Commission Expires: March 16, 2011

(Seal)





Notary Public in the State of Texas

THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.

LIBERTY MUTUAL INSURANCE COMPANY
BOSTON, MASSACHUSETTS
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS: That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint

DAVID B. WARD, SHARYL A. MARKOVITS, ALL OF THE CITY OF FRISCO, STATE OF TEXAS

each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations in the penal sum not exceeding TWENTY MILLION AND 00/100***** DOLLARS (\$ 20,000,000.00*****) each, and the execution of such undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents, shall be as binding upon the Company as if they had been duly signed by the president and attested by the secretary of the Company in their own proper persons.

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-Laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 5th day of June, 2009.

LIBERTY MUTUAL INSURANCE COMPANY

By Garnet W. Elliott
Garnet W. Elliott, Assistant Secretary



COMMONWEALTH OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 5th day of June, 2009, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Plymouth Twp., Montgomery County
My Commission Expires March 28, 2013
Member, Pennsylvania Association of Notaries

By Teresa Pastella
Teresa Pastella, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 24th day of March, 2010.



By David M. Carey
David M. Carey, Assistant Secretary

Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees.

To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

Disposition of Contracts:

There are a number of contracts that have been entered into by the Hesperia Fire Protection District for the FY 2017-18 operations. Of the seven contracts shown in the table below, for FY 2017-18, one will be transferred to the San Bernardino County Fire Department. One will be retained by the Hesperia Fire Protection District, for audit services. The remaining five contracts will be terminated as the services will be absorbed by the San Bernardino County Fire Department.

**Hesperia Fire Protection District
FY 2017-18 Contracts**

Vendor	Description	Term	Amount	Disposition
County of San Bernardino Fire Department	Ambulance and fire services	Through June 30, 2018	\$ 10,530,863	Terminates with annexation
County of San Bernardino Fire Department	Station 305 Lease	Through June 30, 2035	2,520,000	Terminates with annexation
County of San Bernardino Fire Department	Household Hazardous Waste collection	Through June 30, 2022	157,267	Continues with County of San Bernardino Fire
Crown Castle	Cell Tower Lease at 9430 11th (Stn #301)	Through December 31, 2020	(42,970)	Continues with County of San Bernardino Fire
ESO Solutions, Inc.	Ambulance billing software	Through June 30, 2018	9,840	Terminates with annexation
White Nelson Diehl Evans	Audit and SCO Report	Through June 30, 2018	9,350	Continues with Hesperia Fire Protection District
NBS	Special Assessment District Administration	Through June 30, 2018	7,200	Terminates with annexation
NeoPost	Postage machine maintenance	Through June 30, 2018	694	Terminates with annexation
NeoPost	Postage machine rental	Through January 31, 2018	196	Terminates with annexation
			<u>\$ 13,192,440</u>	



COUNTY ADMINISTRATIVE OFFICE
Finance and Administration

Mary Jane Olhasso
Assistant Executive Officer
Gary McBride
County Chief Financial Officer

September 12, 2017

Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Re: LAFCO No. 3218 Property Tax Transfer – Request to Extend Negotiation Period

Dear Ms. Rollings-McDonald:

Regarding LAFCO No. 3218, this letter serves to notify LAFCO and the affected local agencies that the negotiations between the County of San Bernardino and the Hesperia Fire Protection District are ongoing and to request a 30-day extension.

Pursuant to the provisions outlined in Section 99(b)(4) of the Revenue and Taxation Code, upon receipt of the estimates of property tax revenue, the local agencies shall commence negotiations to determine the amount of property tax revenues to be exchanged between and among the local agencies. Except as otherwise provided, this negotiation period shall not exceed 60 days. If a local agency involved in these negotiations notifies the other local agencies, the County Auditor, and the Local Agency Formation Commission in writing of its desire to extend the negotiation period, the negotiation period shall be 90 days.

The 60-day negotiation period for LAFCO 3218 commenced on July 24, 2017 and terminates on September 22, 2017. As of today's date, neither the County nor the District has adopted the requested resolution by its respective governing body. The parties will continue to work together to complete the negotiation process and adopt resolutions within the extension period.

Please contact me with any questions or concerns. Thank you.

Very truly yours,

Katrina Turturro, Deputy Executive Officer

cc: Dena Smith, Interim Chief Executive Officer
Mary Jane Olhasso, Assistant Executive Officer
Linda Santillano, Property Tax Manager, Auditor-Controller/Treasurer-Tax Collector
Andrew Silva, Governmental Relations Analyst
Allegra Pajot, Finance and Administration Analyst
Nils Bentsen, City Manager, City of Hesperia
Ron Walls, Fire Chief, Hesperia Fire Protection District

RECEIVED
2017 SEP 15 AM 9:50
LOCAL AGENCY
FORMATION COMMISSION

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
Chairman, First District

JANICE RUTHERFORD
Second District

JAMES RAMOS
Third District

CURT ISGMAN
Vice Chairman, Fourth District

JOSIE GONZALES
Fifth District

DENA M. SMITH
Interim Chief Executive Officer



City of Hesperia

Gateway to the High Desert

July 10, 2017

RECEIVED
JUL 12 2017

Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Re: LAFCO 2318 - Transfer of "201" Ambulance Rights

Dear Ms. Rollings-McDonald:

The Hesperia Fire Protection District (HFPD) hereby requests that LAFCO approve the surrender of ambulance rights to the successor agency (S.B. County Fire District) within the District's boundaries (Exclusive Operating Area #17) under Section 1797.201 of the Health and Safety Code, in accordance with the Inland Counties Emergency Medical Authority (ICEMA).

The District understands that this will be a condition of approval as part of the Commission's consideration of this reorganization. If you have any questions, please contact me at (760) 947-1253.

Sincerely,

Nils Bentsen
City Manager

CC: Brian Johnson, Assistant City Manager
Mike Blay, Director of Development Services
Dave Reno, Principal Planner
Mark Hartwig, Fire Chief, S.B. County Fire District
Don Trapp, Deputy Fire Chief, S.B. County Fire District
Ron Walls, Deputy Fire Chief, S.B. County Fire District

Paul Russ, Mayor
Russ Blewett, Mayor Pro Tem
Bill Holland, Council Member
Larry Bird, Council Member
Rebekah Swanson, Council Member

9700 Seventh Avenue
Hesperia, CA 92345
760-947-1000
TD 760-947-1119

Nils Bentsen, City Manager



SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

157 W 5th Street, 2nd Floor • San Bernardino, CA 92415-0451 • (909) 387-5974 • Fax (909) 387-5685

Administration
Headquarters
sbcfire.org

Mark A. Hartwig
Fire Chief/Fire Warden

Don Trapp
Deputy Chief

John Chamberlin
Deputy Chief

September 18, 2017

Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street Suite 214
San Bernardino, CA 92415-0490

Re: LAFCO 3218 – Reorganization et al which includes the transfer of EMS services from Hesperia Fire Protection District to the San Bernardino County Fire Protection District

Dear Ms. Rollings-McDonald:

Please be advised that as the Chief Executive Officer of San Bernardino County, on behalf of Board-Governed Special District, San Bernardino County Fire Protection District, I will be recommending that the Board of Supervisors, sitting as the Board of Directors for the San Bernardino County Fire Protection District, approve the assumption of all rights, interest and obligations held by the Hesperia Fire Protection District for Emergency Medical Services and Ambulance Operations to the San Bernardino County Fire Protection District (SBCFPD), in perpetuity.

Upon the successful completion of LAFCO 3218, the Hesperia Protection District will be divested of all its fire and emergency medical response functions, including ambulance, with SBCFPD designated as the "Successor District" for those services within the boundaries of the Hesperia Fire Protection District. This action is pursuant to Hesperia Fire Protection District's status as a recognized H & S Code 1797.201 Advanced Life Support Ambulance Transport Provider as well as an Advanced Life Support Non-Transport Emergency Medical Services Provider.

As the Chief Executive Officer over San Bernardino County, I am hereby advising that I will be recommending that the Board of Supervisors approve the acceptance of the transfer of the totality of these "201 rights" in perpetuity. The assumption of service provision will transition seamlessly to the successor agency upon the effective date of the reorganization, anticipated to be July 1, 2018.

If you have any questions, please feel free to contact the undersigned.

Sincerely,

DENA M. SMITH
Interim Chief Executive Officer

DMS:smm

BOARD OF DIRECTORS

Robert A. Lovingood
Chairman
First District

Janice Rutherford
Second District

James Ramos
Third District

Curt Hagman
Vice Chairman
Fourth District

Josie Gonzales
Fifth District

Dena Smith
Interim
Chief Executive Officer



Inland Counties Emergency Medical Agency

Serving San Bernardino, Inyo, and Mono Counties

1425 South "D" Street • San Bernardino, CA 92415-0060
(909) 388-5823 office • (909) 388-5825 fax
www.icema.net

Tom Lynch, EMS Administrator
Reza Vaezazizi, MD, Medical Director

September 18, 2017

Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 214
San Bernardino, CA 92415-0490

Re: LAFCO 3218 – Reorganization et al which includes the transfer of EMS services from Hesperia Fire Protection District to the San Bernardino County Fire Protection District

Dear Ms. Rollings-McDonald:

Please be advised that as the Executive Officer of ICEMA, I will be recommending that the Board of Supervisors, sitting as the Board of Directors of ICEMA, approve the assignment of all rights, interest and obligations held by the Hesperia Fire Protection District for Emergency Medical Services, including Ambulance Operations, to the San Bernardino County Fire Protection District (SBCFPD) upon completion of LAFCO 3218, which would be effective July 1, 2018. There are no further requirements under the purview of ICEMA for the divestiture of this service from Hesperia Fire Protection District and transfer to San Bernardino County Fire Protection District.

Upon the successful completion of LAFCO 3218, the Hesperia Protection District will be divested of all its fire and emergency medical response functions, including ambulance, with SBCFPD designated as the "Successor District" for those services within the boundaries of the Hesperia Fire Protection District. This action is pursuant to Hesperia Fire Protection District's existing status as a recognized H & S Code 1797.201 Advanced Life Support Ambulance Transport Provider as well as an Advanced Life Support Non-Transport Emergency Medical Services Provider.

The assumption of service provision will transition seamlessly to the successor agency upon the effective date of the reorganization, anticipated to be July 1, 2018.

If you have any questions, please feel free to contact the undersigned.

Sincerely,

DENA M. SMITH
Interim Chief Executive Officer

DMS:mmm

RECEIVED
2017 SEP 18 AM 10:49
LOCAL AGENCY
FORMATION COMMISSION

BOARD OF DIRECTORS

Robert A. Lavingood
Chairman
First District

Janice Rutherford
Second District

James Ramos
Third District

71

Curt Hagman
Vice Chairman
Fourth District

Josie Gonzales
Fifth District

FOR OFFICIAL USE ONLY



**SAN BERNARDINO COUNTY
FIRE PROTECTION
DISTRICT
F A S**

CONTRACT

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	FAS Vendor Code	SC	Dept.	A	Contract Number 17-638	
ePro Vendor Number				ePro Contract Number		
SAN BERNARDINO COUNTY FPD				Dept. 107	Orgn. 160	Contractor's License No.
Contract Representative Monica Ronchetti				Telephone (909) 382-5401		Total Contract Amount Not to Exceed \$834,949.63
Contract Type <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:						
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date July 1, 2017		Contract End Date June 30, 2022		Original Amount \$
						Amendment Amount \$
Fund FHH	Dept. 107	Organization 160	Appr.	Obj/Rev Source 8842	GRC/PROJ/JOB No.	Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Project Name			Estimated Payment Total by Fiscal Year			
Household Hazardous			FY 17/18	Amount \$157,266.58	I/D	FY 20/21 Amount \$171,849.44
Waste Agreement with			FY 18/19	Amount \$161,984.58	I/D	FY 21/22 Amount \$177,004.92
Collection Facility			FY 19/20	Amount \$166,844.11	I/D	

THIS CONTRACT is entered into in the State of California by and between the **SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**, hereinafter called the **SBCFPD**, and

Name

City of Hesperia

hereinafter called CITY

Address

9700 Seventh Avenue

Hesperia, CA 92345

Telephone

(760) 947-1589

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

HOUSEHOLD HAZARDOUS WASTE COLLECTION AGREEMENT

This Agreement is made and entered into between the San Bernardino County Fire Protection District, hereinafter referred to as "SBCFPD" and the City of Hesperia hereinafter referred to as the "CITY".

RECITALS:

WHEREAS, the California Public Resources Code (Section 47000 *et seq.*) requires cities and counties to prepare a Household Hazardous Waste Element which identifies a program for the safe collection, recycling,

Auditor-Controller/Treasurer/Tax Collector Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

treatment and disposal of hazardous wastes which are generated by households in the city or county and which should be separated from the solid waste stream; and,

WHEREAS, the County of San Bernardino and each of the cities in the County have developed Household Hazardous Waste Elements (HHWE) which identify a county-wide cooperative program for the management of Household Hazardous Waste; and,

WHEREAS, the existing Household Hazardous Waste program operated by the SBCFPD is consistent with the adopted HHWE; and,

WHEREAS, the SBCFPD's Division of Hazardous Materials, is a division of SBCFPD responsible for the safe management of hazardous waste; and,

WHEREAS, the CITY desires for the protection, health and welfare of the public and its personnel, the removal of hazardous waste from homes so that such materials will pose no danger in the event of fire, the prevention of potential environmental degradation and the conservation of resources through recycling.

NOW, THEREFORE, in consideration of mutual covenants and conditions the parties hereto agree as follows:

WITNESSETH:

RESPONSIBILITIES AND DUTIES OF THE CITY

1. The CITY agrees to operate a Household Hazardous Waste Collection Facility (hereinafter referred to as "Facility") for the SBCFPD at the following location: 17443 Lemon Street, Hesperia CA,, in accordance with the most recent edition of "The Satellite Facilities Operations Manual", as referred to and amended from time to time in accordance with Section 8 hereof (hereinafter referred to as "Operations Manual"). Employees of the CITY who have current training by the SBCFPD will accept only "Household Hazardous Waste", as defined in Title 22, section 66260.10 of the California Code of Regulations and in California Health and Safety Code section 25218.1(e). The Facility will be open to County residents for collection of Household Hazardous Waste at least ten (10) hours per month, except during inclement weather. The designated employees of the CITY will categorize, pack and label the wastes in accordance with the Operations Manual. The wastes will be stored in their original packaging (except used motor oil and used antifreeze) and placed in the SBCFPD-provided containers inside the waste storage area (located within the fenced area of the Facility). The CITY approves the Facility's storage area(s) of ignitable and/or reactive waste designated by the SBCFPD. The CITY approves the Facility's traffic control which is directed by authorized staff.
2. The CITY shall be responsible for maintenance of the Facility, the safety of persons and materials on the property of the Facility, and keeping the Facility secure. It shall not be necessary for the CITY to require a person to be present at all times on the site of the Facility where the waste will be stored.
3. The CITY shall notify and obtain approval from the SBCFPD prior to making any changes in the maintenance and/or operations of the Facility. The CITY shall notify the SBCFPD of any changes in the management of the Facility.
4. The CITY shall publicize to its residents the need to properly recycle, reduce, store, transport and dispose of Household Hazardous Waste and inform its residents of the availability of the Facility for the safe management of Household Hazardous Waste.
5. Agreement Compliance. CITY agrees to comply with all applicable Federal, State and County laws, regulations and policies in carrying out its responsibilities under this Agreement.

RESPONSIBILITIES AND DUTIES OF THE SBCFPD

6. The SBCFPD will continue to operate a comprehensive Household Hazardous Waste Program (Program) for the safe collection, recycling, treatment and disposal of household hazardous waste including universal waste, home-generated sharps and pharmaceutical waste excluding controlled substances. The SBCFPD program shall be based on a Central Processing Facility and a regional network of collection centers sited so as to provide safe, convenient service to the public in a cost-effective manner.
7. The SBCFPD shall act as the generator and transporter of the Household Hazardous Wastes, and shall assume responsibility for maintaining the necessary site and transportation permits. Further, the SBCFPD will train CITY personnel and provide the Operations Manual, which designates waste to be accepted, defines a categorization scheme for wastes anticipated, and specifies emergency procedures to be followed. The SBCFPD shall continue to provide an initial 32-hour training course for new Household Hazardous Waste personnel of the CITY and a subsequent annual 8-hour "refresher" training course for CITY Household Hazardous Waste employees. If there are changes to the Operations Manual, written notification and/or special training sessions shall be provided to the CITY at least thirty (30) days prior to their effective date. The Operations Manual shall be consistent with all state and federal regulations applicable to Household Hazardous Waste facilities and amended as necessary.
8. The SBCFPD will provide two County employees to operate the Facility every Tuesday, Thursday and Saturday at the agreed upon publicized operations time, unless the Tuesday, Thursday or Saturday falls on a holiday observed by the County.
9. All personnel provided by the SBCFPD are employees of the County, and, as such, will be supervised and trained by the County and covered by the County's Workers' Compensation program. In particular, all County employees will be trained to meet or exceed Cal OSHA requirements.
10. The SBCFPD shall provide a secure storage shed. The SBCFPD will also provide approved waste storage containers, meeting the specifications of the Department of Transportation for the disposal of hazardous waste and sufficient absorbent materials for "over packing" the waste containers. At the termination or expiration of this Agreement, all items provided by the SBCFPD shall belong to the SBCFPD, unless otherwise agreed upon in writing. The SBCFPD will provide an Emergency Coordinator to offer support and assistance to the CITY during Facility operating hours excluding County observed holidays.
11. The SBCFPD shall either remove the wastes or independently contract with a licensed hazardous waste hauler to remove the accumulated wastes, monthly, and to recycle or dispose of wastes at an approved facility, at no additional cost to the CITY.
12. SBCFPD shall provide an annual report to the CITY, which shall include the amounts and types of waste collected, and participation by jurisdiction.
13. SBCFPD shall compile and provide to the California Department of Resources Recycling and Recovery (CalRecycle), the Department of Toxic Substances Control, and the Certified Unified Program Agency, the Annual Form 303 Report.

CONSIDERATION

14. In consideration for the services provided, CITY shall pay the SBCFPD the following amount not to exceed \$834,949.63:

Fiscal year	Annual amount	Amount per quarter
2017/2018	\$157,266.58	\$39,316.65
2018/2019	\$161,984.58	\$40,496.14
2019/2020	\$166,844.11	\$41,711.03
2020/2021	\$171,849.44	\$42,962.36
2021/2022	\$177,004.92	\$44,251.23

Payment due on: July 15, October 15, January 15, and April 15.

TERM AND TERMINATION

15. This Agreement shall be effective July 1, 2017 and shall remain in effect through June 30, 2022, but may be renewed for specified periods, unless, otherwise terminated or amended.
16. Notwithstanding the foregoing, either party may terminate this Agreement at any time upon 90 days prior written notice to the other party.

INSURANCE AND INDEMNIFICATION

17. CITY and SBCFPD are authorized self-insured public entities for purposes of Professional Liability, General Liability, Automobile Liability and Workers' Compensation and warrant that through their respective programs of self-insurance, they have adequate coverage or resources to protect against liabilities arising out of the performance of the terms, conditions or obligations of this Agreement.
18. SBCFPD agrees to indemnify, defend (with counsel reasonably approved by CITY) and hold harmless CITY, its officers, employees, agents and volunteers, from any and all claims, actions, losses, damages, and/or liability arising out of this Agreement from any cause whatsoever, including, the acts, errors or omissions of any person and for any costs or expenses incurred by CITY on account of any claim, except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The SBCFPD's indemnification obligation applies to CITY's "active" as well as "passive" negligence but does not apply to CITY's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782.

CITY agrees to indemnify, defend (with counsel reasonably approved by SBCFPD) and hold harmless SBCFPD, its officers, employees, agents and volunteers, from claims, actions, losses, damages, and/or liability arising out of this Agreement from any cause whatsoever, including, the acts, errors or omissions of any person and for any costs or expenses incurred by CITY on account of any claim, except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The CITY's indemnification obligation applies to SBCFPD's "active" as well as "passive" negligence but does not apply to SBCFPD's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782.

In the event SBCFPD and/or CITY are found to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under this Agreement, SBCFPD and/or CITY, as applicable, shall indemnify the other to the extent of its comparative fault.

Notwithstanding indemnification for any claim, action, loss, or damage involving a third party, SBCFPD and CITY hereby waive any and all rights of subrogation recovery against each other.

Furthermore, if SBCFPD or CITY attempts to seek recovery from the other for Workers' Compensation benefits paid to an employee, SBCFPD and CITY agree that any alleged negligence of the employee shall not be construed against the employer of that employee.

GENERAL TERMS AND CONDITIONS

19. Representation of the SBCFPD. In the performance of the Agreement, CITY, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of the SBCFPD.
20. Change of Address. CITY shall notify the SBCFPD in writing of any change in mailing address within ten (10) business days of the change.
21. Agreement Assignability. Without the prior written consent of the SBCFPD, the agreement is not assignable by CITY, either in whole or in part.
22. Agreement Amendments. CITY agrees that any alterations, variations, modifications, waivers, or provisions of the Agreement shall be valid only when reduced to writing, duly signed, and attached to the original Agreement and approved by the required persons of both CITY and SBCFPD.
23. Correction of Performance Deficiencies. Failure by CITY to comply with any of the provisions, covenants, requirements or conditions of this agreement shall be a material breach of this agreement.

In the event of a non-cured breach, SBCFPD may, at its sole discretion and in addition to immediate termination and any other remedies available at law, in equity, or otherwise specified in this Contract:

- A. Afford CITY thereafter a time period within which to cure the breach, which period shall be established at sole discretion of SBCFPD; and/or,
 - B. Terminate this Contract.
24. Attorney Fees and Costs. If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorneys' fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorneys' fees directly arising from a third-party legal action against a party hereto and payable under INDEMNIFICATION paragraphs.
 25. Venue and Governing Law. The venue of any action or claim brought by any party to this Agreement will be the Central District Court of San Bernardino County. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Agreement is brought by any third-party, the parties hereto agree to use their best efforts to obtain a change of venue to the Central District Court of San Bernardino County. This contract shall be governed by the laws of the State of California.

26. Notification. In the event of a problem or potential problem that will impact the level of performance under this Agreement, the CITY shall notify the SBCFPD within one (1) working day, in writing and by telephone.
27. Former County and SBCFPD Officials. CITY agrees to provide or has already provided information on former San Bernardino County and SBCFPD administrative officials (as defined below) who are employed by or represent CITY. The information provided includes a list of former County and SBCFPD administrative officials who terminated COUNTY or SBCFPD employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of CITY. For purposes of this provision, "County administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Administrative Officer or member of such officer's staff, County or SBCFPD department or group head, assistant department or group head, or an employee in the Exempt Group, Management Unit, or Safety Management Unit.
28. Inaccuracies or Misrepresentations. If in the course of or the administration of this Agreement SBCFPD determines that CITY has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the SBCFPD, this Agreement may be immediately terminated. If the Agreement is terminated according to this provision, the SBCFPD is entitled to pursue any available legal remedies.
29. Waiver. No delay on the part of either party in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof of any other power or right. No waiver by any party of any right hereunder or of any default shall be binding upon such party unless such waiver is in writing and signed by a duly authorized official of such party; and no waiver of any default or failure by such party to exercise any right hereunder shall operate as a waiver of any other or further exercise of such right or of any further default.
30. Severability. If any provisions of this agreement, or portions thereof, or the application thereof to any circumstances shall be held invalid or unenforceable, the remainder of this agreement and the application thereof to other circumstances shall nevertheless be valid.
31. Notices and Reports. Any notices shall be addressed to the respective parties as set forth below:
- SBCFPD: **Monica Ronchetti**
Supervising Hazardous Materials Specialist
Household Hazardous Waste Program
2824 East "W" Street
San Bernardino, CA 92415-0799
- CITY: **Julie Ryan**
City of Hesperia
9700 Seventh Avenue
Hesperia, CA 92345
32. Entire Agreement.
- A. This agreement is intended by the parties hereto as a final expression of their agreement and understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms hereof and supersedes any and all prior and contemporaneous agreements and understandings.
- B. The signatures of the Parties affixed to this Contract affirm that they are duly authorized to commit and bind their respective institutions to the terms and conditions set forth in this document.

IN WITNESS WHEREOF, the Board of Directors has caused this Agreement to be subscribed to by the Clerk thereof, and CITY has caused this Agreement to be subscribed on its behalf by its duly authorized officers, the day, month and year written.

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

By 
Robert A. Lovingood, Chairman, Board of Directors

Dated: JUL 25 2017

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Paula H. Welch, Secretary

By 
Deputy

Approved as to Legal Form

Counsel

Date 6/19/17

Reviewed by Contract Compliance

Date _____

Presented to Board for Signature

Date 6/20/17

City of Hesperia

(Print or type name of corporation, company, contractor, etc.)

By 
(Authorized signature - sign in blue ink)

Name Nils Bentsen
(Print or type name of person signing contract)

Title City Manager
(Print or Type)

Dated: June 9, 2017

Address 9700 Seventh Avenue
Hesperia, CA 92345




Alan C. Lloyd, Ph.D.
Agency Secretary

California Environmental Protection Agency

Air Resources Board • Department of Pesticide Regulation • Department of Toxic Substances Control
Integrated Waste Management Board • Office of Environmental Health Hazard Assessment
State Water Resources Control Board • Regional Water Quality Control Boards



Arnold Schwarzenegger
Governor

 January 31, 2005

Mr. B. Douglas Snyder, Assistant Fire Marshal
Office of the Fire Marshal, Hazardous Materials Division
San Bernardino County Fire Department
620 South E Street
San Bernardino, California 92415

Dear Mr. Snyder:

We have reviewed your letter of November 23, 2004, and the attached letter from the City of Hesperia advising the California Environmental Protection Agency (Cal/EPA) of the dissolution of the City of Hesperia Certified Unified Program Agency (CUPA) and assumption of those responsibilities by the existing San Bernardino County Fire Department CUPA. I understand that addition of responsibilities for regulation of business entities within the City of Hesperia represents a minor impact to the existing County CUPA and requires no change in structure, function, training or related program elements. Further, assumption of these responsibilities will result in a less fragmented Unified Program within San Bernardino County than existed prior to this change. I am therefore amending San Bernardino County's existing CUPA certification, effective June 1, 2004, to expand jurisdiction to the entire area within San Bernardino County except that area within the City of Victorville. Thank you for your continued protection of Public Health and the environment. If you have any questions, please contact Larry Matz, Chief, Unified Program Section at 916-327-3442.

Sincerely,



Alan C. Lloyd, Ph.D.
Agency Secretary

cc: Mr. Donald A. Johnson
Assistant Secretary
California Environmental Protection Agency
1001 I Street, 25th Floor
Sacramento, California 95814

RECEIVED
FEB 04 2005

COUNTY FIRE DEPARTMENT
HAZARDOUS MATERIALS

Mr. B. Douglas Snyder, Assistant Fire Marshal
January 31, 2005
Page 2

cc: Mr. Larry Matz
Chief, Unified Program
California Environmental Protection Agency
1001 I Street, 2nd Floor
Sacramento, California 95814

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

May 17, 2005

FROM: MICHAEL E. HAYS, Director
Land Use Services Department

PETER HILLS, County Fire Chief
San Bernardino County Fire Department

SUBJECT: MEMORANDUM OF UNDERSTANDING BETWEEN THE LAND USE SERVICES
DEPARTMENT/FIRE HAZARD ABATEMENT PROGRAM AND THE SAN BERNARDINO
COUNTY FIRE DEPARTMENT FOR FIRE HAZARD ABATEMENT SERVICES WITHIN
THE CITY LIMITS OF HESPERIA AND THE COUNTY UNINCORPORATED ISLANDS
CONTAINED WITHIN

RECOMMENDATION:

1. Approve a Memorandum of Understanding (MOU) between the Land Use Services Department (LUSD) and the San Bernardino County Fire Department for fire hazard abatement services within the city limits of Hesperia and the County unincorporated islands contained within, which will remain in full force and effect from year-to-year unless terminated.
2. Authorize the addition of 1.0 new position, classified as a Code Enforcement Officer II, Technical and Inspection Unit, R53 (\$44,242-\$56,451), subject to classification review, in the Fire Hazard Abatement Program Fiscal Year 04/05 Budget (AAA-WAB-WAB).
3. Authorize the Auditor/Controller to increase appropriations and revenue for FY 2004/05 budget to cover the increased staffing costs, as follows (4 votes required):

Salary & Benefits	AAA-WAB-WAB-100-1010	\$ 6,333
Agricultural Services Revenue	AAA-WAB-WAB-9220	\$ 6,333

BACKGROUND INFORMATION: The San Bernardino County Fire Department has requested that the Land Use Services Department/Fire Hazard Abatement Program enter into a Memorandum of Understanding to provide weed abatement services within the City of Hesperia, including any unincorporated islands contained within. LUSD is being utilized for these services because they are the County's enforcement agency for Fire Hazard Abatement services, and have processes and vendor contracts in place. The Fire Hazard Abatement program ensures the removal of fire hazard conditions existing within private and public properties, following notice to property owners requiring removal of specified hazards within a defined timeframe. Contractors are utilized to provide these services and are required to remove all defined hazards under the direction and approval of authorized representatives within LUSD.

The Fire Hazard Abatement program involves property owners after initial notification has been sent and the property is found to still be non-compliant, and when the use of contractors is required to remove an existing fire hazard. The billings include administrative fees plus all contractor costs. If the total cost of providing these services, within the City of Hesperia, exceeds the amount billed to property owners in the same area, then the County Fire Department will reimburse LUSD the excess costs up to thirty-thousand dollars (\$30,000) per year to cover the cost for first inspections, which are not billed to property owners.

Approved by:

Record of Action of the Board of Supervisors

NORMAN A. KANOLD, ACA
Public and Support Services Group

MEMORANDUM OF UNDERSTANDING BETWEEN THE LAND USE SERVICES DEPARTMENT/FIRE HAZARD ABATEMENT PROGRAM AND THE SAN BERNARDINO COUNTY FIRE DEPARTMENT FOR FIRE HAZARD ABATEMENT SERVICES WITHIN THE CITY LIMITS OF HESPERIA AND THE COUNTY UNINCORPORATED ISLANDS CONTAINED WITHIN
May 17, 2005
Page 2 of 3

In order to provide these services, LUSD is requesting the addition of 1.0 Code Enforcement Officer II position and related equipment and vehicles. Also included is funding for contract services to perform the clearance of fire hazards on properties remaining non-compliant. After approval by the Board of Supervisors of this MOU, the Fire Hazard Abatement program will seek bids from interested contractors for this new area, and request purchase orders or bring back additional contracts for approval.

Summary

LUSD is requesting the following positions and associated costs in order to meet the workload demands related to this MOU:

	Estimated Cost FY 2004/05	Estimated One Time Cost FY 2005/06	Estimated Ongoing Full Year Costs
Salary & Benefits			
1.0 Code Enforcement II position (\$76,000)	\$ 6,333	\$ 0	\$ 76,000
Agricultural Services	0	0	100,000
Services and Supplies	0	0	5,000
Computer Hardware	0	5,000	0
Radio Equipment	0	2,500	0
Vehicle Maintenance	0	0	12,000
Vehicle	0	\$ 25,000	0
Agricultural Services Revenue	(\$ 6,333)	(\$ 32,500)	(\$ 193,000)
TOTAL LOCAL COST	\$ 0	\$ 0	\$ 0

Approval of recommendation #1 authorizes the LUSD/Fire Hazard Abatement program to provide fire hazard abatement services for San Bernardino County Fire Department within the city limits of Hesperia and the unincorporated islands contained within.

Approval of recommendation #2 authorizes the addition of 1.0 Code Enforcement Officer II position in the Fiscal Year 04/05 budget (AAA-WAB-WAB).

Approval of recommendation #3 provides sufficient appropriation and revenue authority for this additional position for the remainder of FY 2004/05. All ongoing costs will be included in Fire Hazard Abatement (AAA-WAB-WAB) final budget for FY 2005/06.

REVIEW AND APPROVAL BY OTHERS: This Board item has been reviewed and approved by the County Administrative Office, Patricia M. Cole, Administrative Analyst III, 387-5346, on May 6, 2005; Wayne Thies, Administrative Analyst III, 387-5409, on May 9, 2005; Human Resources, Margaret D. Smith, Interim Human Resource Director, 387-5904, on May 5, 2005; County Counsel, Jean-Rene Basle, Deputy County Counsel, 387-5477, on May 6, 2005; and Paymon Bidari, Deputy County Counsel, 387-8959, on May 9, 2005.

FINANCIAL IMPACT: There is no local cost impact related to this item. The increase of 1.0 position and the estimated cost for FY 2004/05 will be included in the Fire Hazard Abatement adopted budget (AAA-WAB-WAB-1010) and will be covered by increased Agricultural Services Revenue (AAA-WAB-WAB-9220) from billings to property owners. The one time and ongoing costs related to the approval of this MOU, increased staff, increased contractor costs, and the increased estimated revenue will be included in the FY 2005/06 final budget (AAA-WAB-WAB). Any on-going costs with respect to County Fire will be included in the FY 2005/06 and subsequent budgets (SKX-106).

**MEMORANDUM OF UNDERSTANDING BETWEEN THE LAND USE SERVICES DEPARTMENT/FIRE
HAZARD ABATEMENT PROGRAM AND THE SAN BERNARDINO COUNTY FIRE DEPARTMENT FOR
FIRE HAZARD ABATEMENT SERVICES WITHIN THE CITY LIMITS OF HESPERIA AND THE COUNTY
UNINCORPORATED ISLANDS CONTAINED WITHIN
May 17, 2005
Page 3 of 3**

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, and concurs with the Department's proposal and recommends this action based upon the request of services by San Bernardino County Fire Department, resulting in an increase in workload, and there being no local cost impact due to increased revenues.

SUPERVISORIAL DISTRICT(S): 1st

PRESENTER: Michael E. Hays, Director, Land Use Services Department, 387-4141.



County of San Bernardino

F A S

CONTRACT TRANSMITTAL

FOR COUNTY USE ONLY

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	Vendor Code	Dept. SC WAB	Contract Number
County Department Land Use Services		Dept. WAB Orgn. WAB	Contractor's License No.
County Department Contract Representative Ruth M. Rice, Administrative Supervisor II		Telephone 387-4148	Total Contract Amount Not to exceed \$30,000
<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:			
If not encumbered or revenue contract type, provide reason:			
Commodity Code		Contract Start Date 05/17/05	Contract End Date
Fund AAA	Dept. WAB	Organization WAB	Appr.
Obj/Rev Source 9235		GRC/PROJ/JOB No.	Amount \$30,000
Fund	Dept.	Organization	Appr.
Obj/Rev Source		GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.
Obj/Rev Source		GRC/PROJ/JOB No.	Amount
Project Name MOU Between LUSD/Fire Hazard Abatement and SBCO Fire Dept.			
FY		Estimated Payment Total by Fiscal Year	
Amount		I/D	
FY		Amount	I/D

CONTRACTOR San Bernardino County Fire Department

Federal ID No. or Social Security No. _____

Contractor's Representative Doug Snyder

Address _____ Phone 909-386-8407

Nature of Contract: *(Briefly describe the general terms of the contract)*

Memorandum of Understanding (MOU) between the Land Use Services Department and the San Bernardino County Fire Department for fire hazard abatement services within the city limits of Hesperia and the County unincorporated islands contained within.

Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Reviewed as to Legal Form (sign in blue ink)

County Counsel

5/9/05

Reviewed as to Contract Compliance

Date 5/10/05

Presented to BOB for Signature

Department Head

Date 5/10/05

Auditor/Controller-Recorder Use Only

Input Date	Input By
------------	----------

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE LAND USE SERVICES DEPARTMENT AND THE
SAN BERNARDINO COUNTY FIRE DEPARTMENT FOR FIRE HAZARD ABATEMENT
SERVICES WITHIN THE CITY LIMITS OF HESPERIA AND THE COUNTY
UNINCORPORATED ISLANDS CONTAINED WITHIN.**

WHEREAS, the Land Use Services Department (hereinafter referred to as LAND USE SERVICES) provides fire hazard abatement services within selected unincorporated areas of the County of San Bernardino; and

WHEREAS, the San Bernardino County Fire Department (hereinafter referred to as DISTRICT) desires to contract with Land Use Services Department for fire hazard abatement services within the incorporated city limits of Hesperia areas and County unincorporated islands contained within.

NOW, THEREFORE, the parties hereto agree as follows:

I. SCOPE OF SERVICES

LAND USE SERVICES shall conduct an annual fire hazard abatement program in the territorial limits of DISTRICT, pursuant to provisions of San Bernardino County Code Section 23.031 et. seq., and rules, regulations and conditions agreed to by LAND USE SERVICES DEPARTMENT and DISTRICT for its territory. The conditions shall be as follows:

- A. DISTRICT owned property will be treated as private property and billed separately from Agreement.
- B. Cleaning of fire hazards within the boundaries of DISTRICT will be performed when determined to be a fire hazard.

II. CONSIDERATION.

- A. In consideration for the services provided under this Agreement, DISTRICT shall pay to LAND USE SERVICES a sum not to exceed Thirty Thousand Dollars (\$30,000) per year based on the difference between LAND USE SERVICES expenditures to perform these services for the DISTRICT and the cost recovered by abatement billings and fees. The actual sum will be determined by LAND USE SERVICES pursuant to the following formula:

**LAND USE SERVICES DEPARTMENT COST = TOTAL PROGRAM COST -
TOTAL REIMBURSEMENT**

"Total Program Cost" is defined as the expenditures incurred by LAND USE SERVICES including all direct and allocated indirect costs for providing fire abatement services within DISTRICT. "Total Reimbursement" is defined as the actual and anticipated revenue from abatement billings and fees applied to properties within the DISTRICT. For each yearly period LAND USE SERVICES shall provide DISTRICT with a copy of the computation along with the request for payment thereof. DISTRICT shall then send such payment to LAND USE SERVICES within thirty (30) days.

- C. LAND USE SERVICES shall submit to DISTRICT, not later than January 1 of each year, a proposed new sum as a ceiling for this Agreement, which may be in the amount of Thirty Thousand Dollars (\$30,000) per year, or higher. If no new sum is so proposed by LAND USE SERVICES, the previous year's ceiling sum shall be applicable for the ensuing year. DISTRICT shall then have sixty (60) days in which to reject such new sum and terminate this Agreement. Otherwise this Agreement shall be in full force and effect with the designated ceiling determined by LAND USE SERVICES applicable.
- D. The attached map has been included to determine the total DISTRICT area and provides clarity as to the geographic region to be served:

III. TERM AND TERMINATION

This Agreement shall remain in full force and effect from contract signing and afterwards from year-to-year unless terminated. It may be terminated by either party hereto upon written notice delivered in the 30 days prior to February 1 of any year with service termination on February 1 of that same year.

IV. STANDARDS OF PERFORMANCE.

- A. The standards of performance, the methods of performance, the discipline and control of personnel, the determination of proper practices and procedures, and all other matters incidental to the manner of performance of services by LAND USE SERVICES remain at its sole discretion.
- B. To Facilitate the performance of services hereunder by LAND USE SERVICES, DISTRICT, its officers, agents, and employees shall give their full cooperation and assistance within the scope of the duties and responsibilities of such officers, agents, and employees.

V. NOTICES

Any and all notices required hereunder shall be in writing, delivered in person by inter-office mail. The addresses of the parties hereto, until further notice, are as follows:

Page 2 of 3


0185 – LAND USE SERVICES/Code Enforcement Division

0415 – COUNTY FIRE DEPARTMENT

VI. FULL UNDERSTANDING.

This Memorandum of Understanding represents the full and complete understanding of the parties and supersedes all prior oral and written Agreements, contracts, or understanding between the parties. Any amendment to this contract shall be in writing, signed by both parties.

LAND USE SERVICES DEPARTMENT:

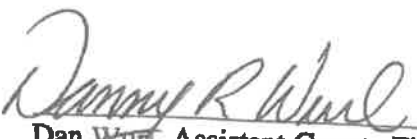


Michael E. Hays, Director

5/11/05

Date

COUNTY FIRE DEPARTMENT:

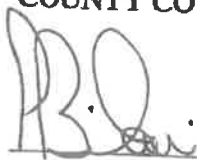


Dan Wurt, Assistant County Fire Chief

5-10-05

Date

COUNTY COUNSEL:



Paymon Bidari, Deputy County Counsel

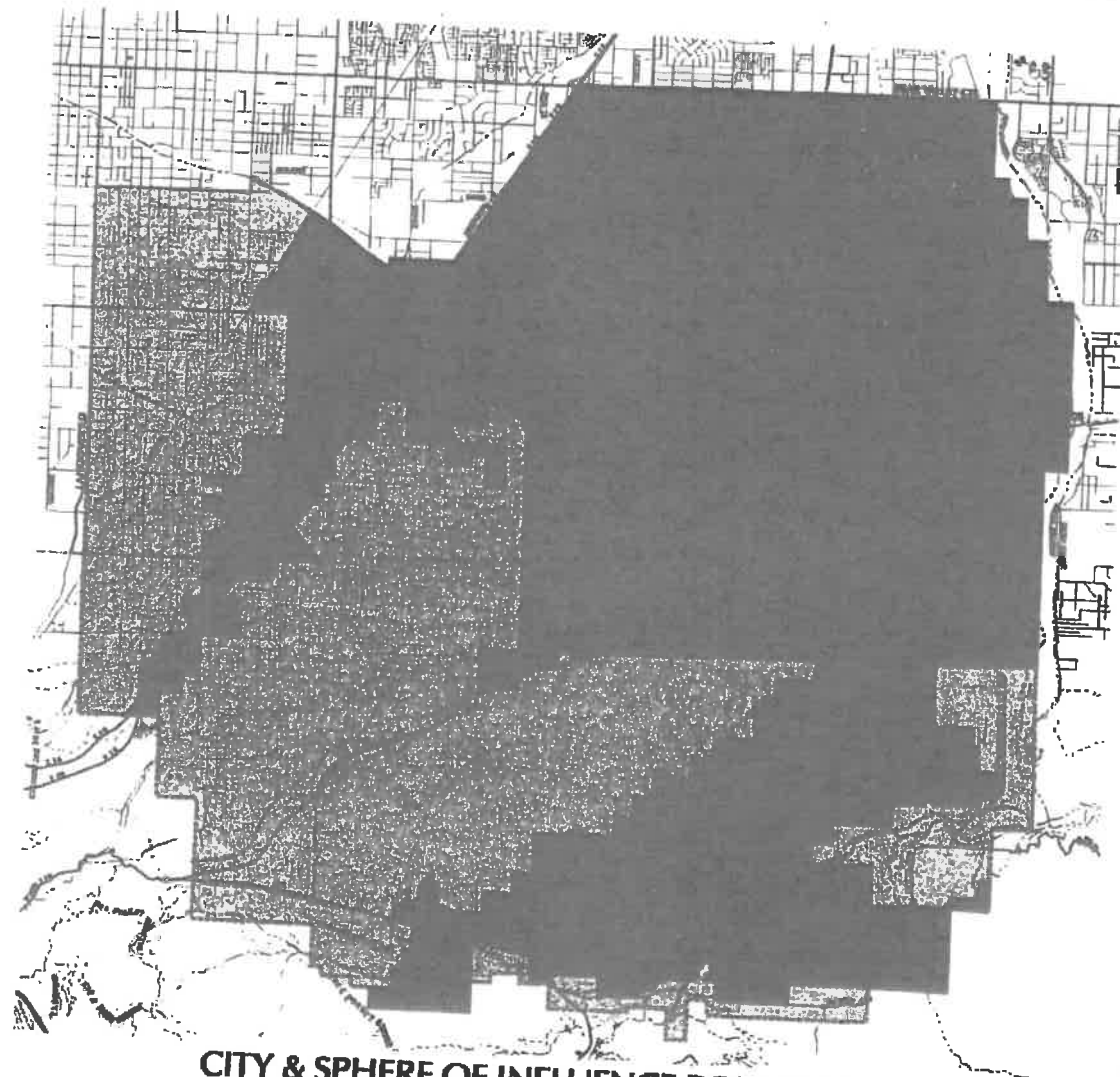
May 11, 05

Date

BOARD OF SUPERVISORS:

Bill Postmus, Chairman

Date



CITY & SPHERE OF INFLUENCE BOUNDARIES
City of Hesperia

Map Prepared On May 05, 2005



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

August 24, 2010

**FROM: DENA M. SMITH, Director
Land Use Services Department**

**SUBJECT: REVENUE CONTRACT WITH SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT FOR FIRE HAZARD ABATEMENT SERVICES**

RECOMMENDATION(S)

1. Approve revenue **Contract No.10-808** between County of San Bernardino Land Use Services Department and San Bernardino County Fire Protection District in an annual amount of \$131,605 to provide fire/weed hazard abatement services from September 1, 2010 until terminated.
2. Authorize the Director of Land Use Services, or authorized designee, to exercise the County's right of termination of these contracts and to establish the contract cost per parcel for fire/weed hazard abatement services in future years, as detailed in the Background Information section.

(Affected Districts: All)

(Presenter: Dena M. Smith, Director, 387-4141)

BACKGROUND INFORMATION

Approval of this item will allow the Land Use Services Department (LUSD) to continue to provide contract fire/weed hazard abatement services (FHA) to the San Bernardino County Fire Protection District's (County Fire) Valley and North Desert Regional Service Zones covering in aggregate approximately 85,491 parcels, in an annual amount of \$131,605. If approved, these contracts will replace any current agreements with these jurisdictions, effective September 1, 2010 and continuing until terminated.

The County has provided contract FHA services for the past ten years under separate Board approved contracts. FHA service areas are divided into three regions: Mountain, Desert, and Valley and County Fire is divided into four regions. Under this agreement, services will be provided in County Fire's North Desert and Valley Regional Service Zones.

The FHA process begins when LUSD conducts inspections (surveys) of properties to determine whether hazardous fire conditions exist. Desert region parcels are surveyed once per year, during the summer, with the exception of Hesperia, which is surveyed twice per year, in spring and fall. Valley region parcels are surveyed twice per year in spring and fall. When hazardous conditions

Page 1 of 2

Note: See related Board of Directors Item#116 of 08/24/2010.

cc: LUSD/EHS-Sevelin w/ agree
Contractor c/o LUSD w/ agree
Auditor-Accts Pay Mgr w/ agree
EBIX-BPO c/o Risk Mgmt
LUSD-Smith;Davis
Purchasing-Gomez
County Fire-Montag;Wurl
CAO-Valdez;Brown
County Counsel-Strain;Messer
File - w/ agree
jll 08/27/10
ITEM 47

Record of Action of the Board of Supervisors

**APPROVED (CONSENT CALENDAR)
COUNTY OF SAN BERNARDINO
Board of Supervisors**

MOTION	<u>AYE</u>	<u>AYE</u>	<u>SECOND</u>	<u>AYE</u>	<u>MOVE</u>
	1	2	3	4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY _____

DATED: August 24, 2010

**BOARD OF SUPERVISORS
REVENUE CONTRACT WITH SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT FOR FIRE HAZARD ABATEMENT SERVICES
AUGUST 24, 2010
PAGE 2 OF 2**

are found, the owner is notified and given 30 days to abate the hazard. After 30 days, the property is re-inspected and, if the property is not in compliance at that time, an Administrative Citation will be issued allowing the property owner ten (10) days to bring the property into compliance. If the property is not in compliance after ten (10) days, then either a second citation will be issued or Administrative abatement will begin. Abatement services are performed by County employees and/or contractors and the property owner is billed for labor and administrative costs related to these services.

The contract rate for the first year of this contract is \$0.83 per parcel per survey. The proposed contracts would authorize the LUSD Director to evaluate costs per parcel and determine the rate on an annual basis. If no new cost per parcel is proposed by the County, the previous year's cost per parcel shall remain applicable for subsequent years. If, at any time, a new cost per parcel is proposed by the County, notice of the proposed rate must be provided to the contracting agency no later than January 1 to be effective May 1 of that year.

Upon receipt of notification of a proposed rate change, the contracting agency has sixty (60) days to determine whether to accept the proposed cost per parcel. If the proposed cost per parcel is accepted, the contract will continue under the new cost structure. If the proposed cost per parcel is not accepted, the contract will automatically terminate on April 30th of that year.

The initial year of these contracts will consist of approximately eight (8) months, from September 1, 2010 through April 30, 2011. The subsequent year's contracts will be for a twelve (12) month period, from May 1st to April 30th.

These contracts may be terminated by either party with upon 60 days written notice.

County Fire will also be presenting an item to the Board of Supervisors on this date seeking approval for LUSD to provide FHA services in their Valley and North Desert Regional Service Zones included in this item.

FINANCIAL IMPACT

Approval of this item will allow LUSD to establish revenue contracts with County Fire for an annual amount of \$131,605 to provide FHA services commencing September 1, 2010. Appropriation and revenue in the amount of \$131,605 has been included in the recommended 2010-11 budget and will be included in subsequent recommended budgets. There is no local cost associated with the approval of this item.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (S. Mark Strain, Deputy County Counsel, 387-3043) on July 16, 2010; Land Use Services Department (Patty Davis, Administrative Supervisor, 387-4148 and Nanci Sevelin, Contract Coordinator, 387-4598) on August 2, 2010; County Purchasing Department (Leo Gomez, Supervising Buyer, 387-2063) on May 13, 2010; County Fire (Carol Montag, Division Manager, 387-5944) on July 16, 2010 and the County Administrative Office (Beatriz Valdez, Principal Administrative Analyst, 387-1852) on August 3, 2010.



County of San Bernardino

F A S

STANDARD CONTRACT

FOR COUNTY USE ONLY

<input checked="" type="checkbox"/> New <input type="checkbox"/> Cancel	Vendor Code	SC	Dept. WAB	A	Contract Number 10-808																			
County Department Land Use Services Department			Dept. WAB	Orgn. WAB	Contractor's License No. N/A																			
County Department Contract Representative Nanci Sevelin, Contract Coordinator			Telephone (909) 387-4598		Total Contract Amount \$ 131,605																			
Contract Type <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other: If not encumbered or revenue contract type, provide reason: Amount of Contract based on volume of services																								
Commodity Code		Contract Start Date 9/1/2010		Contract End Date		Original Amount \$ 131,605																		
Fund AAA	Dept. WAB	Organization WAB	Appr.	Obj/Rev Source 9235	GRC/PROJ/JOB No.	Amount \$ 131,605																		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$																		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$																		
Project Name County Fire Valley and North Desert Regional Service Zone Fire Hazard Abatement Services				Estimated Payment Total by Fiscal Year <table border="1"><thead><tr><th>FY</th><th>Amount</th><th>I/D</th><th>FY</th><th>Amount</th><th>I/D</th></tr></thead><tbody><tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr><tr><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td></tr></tbody></table>			FY	Amount	I/D	FY	Amount	I/D	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
FY	Amount	I/D	FY	Amount	I/D																			
_____	_____	_____	_____	_____	_____																			
_____	_____	_____	_____	_____	_____																			

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, hereinafter called the COUNTY, and

Name

San Bernardino County Fire Protection District

hereinafter called DISTRICT

Address

157 W. 5th Street, 2nd Floor

San Bernardino, CA 92415-0451

Telephone

(909) 387-5944

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

WHEREAS, The County of San Bernardino Land Use Services Department (COUNTY), administers a Fire Hazard Abatement Program within the unincorporated areas of San Bernardino County pursuant to San Bernardino County Code § 23.0301, *et seq.*

WHEREAS, DISTRICT desires that such services be provided by COUNTY and the COUNTY agrees to perform these services as set forth below;

Auditor/Controller-Recorder Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

NOW THEREFORE, COUNTY and DISTRICT mutually agree to the following terms and conditions:

I. SERVICES PROVIDED

The County's Fire Hazard Abatement Program will provide the following services to the DISTRICT's Valley and North Desert Regional Service Zone communities, excluding Wrightwood, as listed on Attachment A:

1. Conduct initial property survey twice per year, in spring and fall to locate and identify fire hazards; Spring Valley Lake and Mountain View Acres will be surveyed once per year in the fall.
2. Prepare and mail abatement notices (30 day Notice to Abate) to the owners of the properties in violation.
3. Conduct follow-up inspections to determine owner compliance.
4. Conduct enforcement operations for properties that have not been brought into compliance, including but not limited to, issuance of administrative citations that subject the owners to civil, monetary penalties and conducting court-authorized abatement of the properties at the owners' expense.
5. Respond to "calls for service" consisting generally of complaints received from the public concerning properties with fire hazards.
6. All DISTRICT owned parcels will be treated in the same manner as private property and billed separately from this Contract. All such billings shall be subject to applicable prevailing wage provisions, if any, to the extent required by law and unless the abatement services work is done by crews consisting of COUNTY employees.
7. Abatement of weeds along roadsides or alleys within the DISTRICT boundaries will be performed at the discretion of the COUNTY and only when determined by the COUNTY to be a fire hazard. Billing for all such abatement services will be subject to applicable prevailing wage provisions, if any, to the extent required by law and unless such work is performed by crews consisting of COUNTY employees.

II. APPLICABLE LAW

Both COUNTY and DISTRICT agree and acknowledge that this Contract shall be construed and interpreted and enforced in accordance with the laws of the State of California.

III. ASSIGNABILITY

Without the prior written consent of COUNTY, this Contract is not assignable by DISTRICT either in whole or in part.

IV. FORMER COUNTY OFFICIALS

DISTRICT agrees to provide or has already provided information on former County of San Bernardino administrative officials (as defined below) who are employed by or represent DISTRICT. The information provided includes a list of former County administrative officials who terminated County employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of DISTRICT. For purposes of this provision, "County administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Administrative Officer or member of such officer's staff, County department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

V. MISREPRESENTATION

If during the course of the administration of this Contract, the COUNTY determines that the DISTRICT has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the COUNTY, this Contract may be immediately terminated. If this Contract is terminated according to this provision, the COUNTY is entitled to pursue any available legal remedies.

VI. CHANGE OF ADDRESS

DISTRICT shall notify COUNTY in writing of any change in mailing address and/or physical location within ten (10) days of the change, and shall immediately notify COUNTY of changes in telephone or fax numbers.

VII. IMPROPER CONSIDERATION

DISTRICT shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of COUNTY in an attempt to secure favorable treatment regarding this Contract.

COUNTY, by written notice, may immediately terminate this Contract if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee, or agent of the COUNTY with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once this Contract has been awarded.

DISTRICT shall immediately report any attempt by a County officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from DISTRICT. The report shall be made to the supervisor or manager charged with supervision of the employee or to the County Administrative Office. In the event of a termination under this provision, COUNTY is entitled to pursue any available legal remedies.

VIII. CONFLICT OF INTEREST

DISTRICT shall make every reasonable effort to prevent the actual or apparent conflict of interest wherein its employees, consultants or members of its governing bodies use their positions for purposes that are or give the appearance of being motivated by a desire for private gain for themselves or others, such as those with whom they have family, business, or other ties. In the event COUNTY determines a conflict of interest exists, any increase in costs associated with the conflict of interest may be disallowed by COUNTY and such conflict may constitute grounds for termination of the Contract. This provision shall not be construed to prohibit employment of persons with whom DISTRICT'S officers, agents, or employees have family, business or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicants and such persons have successfully competed for employment with other applicants on a merit basis.

IX. RECIPROCAL/MUTUAL INDEMNITY – HOLD HARMLESS

The DISTRICT agrees to indemnify and hold harmless the COUNTY, its officers, employees, agents and volunteers from any and all liabilities for injury to persons and damage to property arising out of any negligent act or omission of the DISTRICT, its officers, employees, agents or volunteers in connection with the performance of this contract.

The COUNTY agrees to indemnify and hold harmless the DISTRICT its officers, employees, agents and volunteers from any and all liabilities for injury to persons and damage to property arising out of any negligent act or omission of the COUNTY, its officers, employees, agents or volunteers in connection with the performance of this contract.

X. SELF-INSURANCE

COUNTY and DISTRICT are authorized self-insured public entities for purposes of Professional Liability, General Liability, Automobile Liability and Workers' Compensation and warrant that through their respective programs of self-insurance, they have adequate coverage or resources to protect against liabilities arising out of the performance of the terms, conditions or obligations of this agreement.

XI. COMPARATIVE FAULT

In the event that the COUNTY and/or DISTRICT are determined to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under this agreement, the COUNTY and/or DISTRICT shall indemnify the other to the extent of its comparative fault.

XII. REPORTING

When requested, but no more than once quarterly during the term of the Contract, the COUNTY shall provide to the DISTRICT a written narrative report summarizing the services provided under this Contract.

XIII. COMPENSATION

The DISTRICT shall compensate the COUNTY for services as set forth in **Section I SERVICES PROVIDED**.

Compensation for this Contract is based on the number of parcels identified and verified by the San Bernardino County Land Use Services Department per year (May 1st through April 30th). The DISTRICT'S contract rate per parcel per survey is \$0.83 and there are currently 85,491 parcels to be serviced for a total amount of \$131,065 per year. In the event there are additional parcels identified for services, the San Bernardino County Land Use Services Department will contact the DISTRICT prior to providing services.

In the event that the number of parcels subject to this contract increases, then DISTRICT will compensate COUNTY for the actual number parcels of which services were performed.

COUNTY will invoice DISTRICT by December of each contract year for services provided based on the number of parcels serviced during that timeframe.

Payment for services shall be by Transfer (RT) delivered to the County Auditor-Controller/Recorder/Treasurer/Tax Collector with a copy of the transfer sent to the address listed in **Section XVII NOTICES** of this Contract.

The Director of Land Use Services, or authorized designee, has the authority to determine the contract cost per parcel and submit a new proposed cost per parcel no later than January 1 to be effective May 1 of each year. If no new cost per parcel is proposed by the County, then the previous year's cost per parcel shall be applicable for the ensuing year. If a rate change is proposed, the DISTRICT/Jurisdiction shall then have sixty (60) days in which to notify the County in writing of their decision to reject such new cost per parcel and terminate this Agreement or accept the new cost per parcel and continue this Agreement for the ensuing year.

XIV. ENFORCEMENT

In the event of a property owner's noncompliance with a notice to abate, the DISTRICT authorizes the COUNTY to conduct the following enforcement operations within the DISTRICT'S jurisdiction and geographical boundaries:

- administrative citations and penalties pursuant to San Bernardino County Code §23.0319
- criminal action pursuant to San Bernardino County Code §23.0317
- civil action pursuant to San Bernardino County Code §23.0318

DISTRICT waives any and all claims to recovery of any and all monetary enforcement penalties and/or abatement costs sought and/or recovered by COUNTY as a result of any and all enforcement actions taken against owners and/or occupants of properties subject to this Contract and hereby assigns all of its rights to all such claims to the COUNTY.

XV. AMENDMENTS

All amendments to this Contract, including any exhibits, shall be in writing and signed by the authorized representative(s) of the DISTRICT and the Board of Supervisors for the COUNTY.

XVI. TERM AND TERMINATION

Services performed pursuant to this Contract shall commence on the 1st day of September, 2010 and may be terminated by either of the Parties upon written notice served upon the other at least sixty (60) days prior to the termination date for this Contract then in effect. The first year of this contract will cover approximately eight (8) months, from September 1, 2010 through April 30, 2011. All other ensuing contract years will cover twelve (12) months, from May 1st to April 30th. Upon receipt of such notice, all services not yet performed shall not begin and all amounts to be paid under the terms of this Contract not yet paid shall become immediately due and payable.

This contract supersedes all other prior agreements for Fire Hazard Abatement services between the DISTRICT and the San Bernardino County Land Use Services Department, Weed Abatement Division.

The Director of Land Use Services Department, or authorized designee, shall have the power to exercise the COUNTY's right of termination of this Contract. The DISTRICT Fire Chief, or authorized designee, shall have the power to exercise the DISTRICT's right of termination of this contract.

XVII. NOTICES

When notices are required to be given pursuant to this Contract, the notices shall be in writing and mailed to the following respective addresses listed below.

DISTRICT: San Bernardino County
Fire Protection District
Attn: Carol Montag
157 W. 5th Street, 2nd Floor
San Bernardino, CA 92415-0451

COUNTY: County of San Bernardino
Land Use Services Department
Attn: Dena M. Smith
385 N. Arrowhead, 3rd Floor
San Bernardino, CA 92415-0010

XVIII. SEVERABILITY

If any portion of this Contract is declared by a Court of competent jurisdiction to be invalid, illegal, unconstitutional, or unenforceable, such portion shall be deemed severed.

XIX. ATTORNEYS' FEES AND COSTS

In the event either of the Parties resorts to litigation to resolve any dispute or claim of any kind arising from any of the rights or duties established by this Contract, or to enforce or prevent the breach of any provision of this Contract as set forth herein or for any other purpose, for damages by reason of any alleged breach of any provision of this Contract, or for declaration of such party's rights or obligations under this Contract, or for any other judicial remedy at law or at equity; both Parties, their successors in interest, representatives, employees, and agents shall each bear their own attorney's fees and costs relating to all expenses incurred through such litigation regardless of the nature of the action.

XX. DISPUTES

The parties agree to attempt to resolve any disputes arising out of this Contract informally and in good faith. Each party reserves the right to suspend work or terminate this contract in the event a dispute is not satisfactorily resolved.

XXI. NO TERMS AND PROVISIONS WAIVER

No waiver of any of the provisions of the Contract shall be effective unless it is made in writing, and refers to the provisions so waived and is executed by the parties. No course of dealing and no delay or failure of a party in exercising any right under the Contract shall affect any other or future exercise of that right or any exercise of any other right. A party shall not be precluded from exercising a right by its having partially exercised that right or its having previously abandoned or discontinued steps to enforce that right.

XXII. JURISDICTION AND VENUE

The Parties further agree that jurisdiction and venue for any legal action based upon this contract shall lie with the Superior Court of the State of California, in and for the County of San Bernardino, San Bernardino District, Civil and Probate Division.

XXIII. SUCCESSORS AND ASSIGNS

Each of the terms of this Contract shall be binding upon each of the Parties and their respective successors-in-interest, assigns, designees, and their respective representatives, agents, and employees thereof.

XXIV. AMERICAN RECOVERY AND REINVESTMENT ACT

This Contract may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009. Section 1605 of ARRA prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 CFR 176.140) unless all of the iron, steel and manufactured goods (as defined in 2 CFR 176.140) used in the project are produced in the United States. A waiver is available under three limited circumstances: (i) Iron, steel or relevant manufactured goods are not produced in the United States in sufficient and reasonable quantities and of a satisfactory quality; (ii) Inclusion of iron, steel or manufactured goods produced in the United States will increase the cost of the overall project by more than twenty-five percent (25%); or (iii) Applying the domestic preference would be inconsistent with the public interest. This is referred to as the "Buy American" requirement. Request for a waiver must be made to the County for an appropriate determination.

Section 1606 of ARRA requires that laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 31). This is referred to as the "wage rate" requirement.

The above described provisions constitute notice under ARRA of the Buy American and wage rate requirements. DISTRICT must contact the COUNTY contact if it has any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. DISTRICT will also be required to provide detailed information regarding compliance with the Buy American requirements, expenditure of funds and wages paid to employees so that the County may fulfill any reporting requirements it has under ARRA. The information may be required as frequently as monthly or quarterly. DISTRICT agrees to fully cooperate in providing information or documents as requested by the COUNTY pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

DISTRICT may also be required to register in the Central Contractor Registration (CCR) database at <http://www.ccr.gov> and may be required to have its subcontractors also register in the same database. Contractor must contact the County with any questions regarding registration requirements.

In addition to the requirements described in "Use of ARRA Funds and Requirements," proper accounting and reporting of ARRA expenditures in single audits is required. Contractor agrees to separately identify the expenditures for each grant award funded under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance (CFDA) number, and amount such that separate accountability and disclosure is provided for ARRA funds by Federal award number consistent with the recipient reports required by ARRA Section 1512 (c).

In addition, DISTRICT agrees to separately identify to each subcontractor and document at the time of sub-contract and at the time of disbursement of funds, the Federal award number, any special CFDA number assigned for ARRA purposes, and amount of ARRA funds.

DISTRICT may be required to provide detailed information regarding expenditures so that the County may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. Contractor agrees to fully cooperate in providing information or documents as requested by the County pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

Whistleblower Protection

DISTRICT agrees that both it and its subcontractors shall comply with Section 1553 of the ARRA, which prohibits all non-Federal contractors, including the State, and all contractors of the State, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of: (1) gross mismanagement of a contract relating to ARRA funds; (2) a gross waste of ARRA funds; (3) a substantial and specific danger to public health or safety related to the implementation or use of ARRA funds; or (5) a

violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contract) awarded or issued relating to ARRA funds.

XXV. CONCLUSION

This Contract, consisting of seven (7) pages is the full and complete document describing services to be rendered by DISTRICT to COUNTY including all covenants, conditions and benefits.

The signatures of the parties affixed to this Contract affirm that they are duly authorized to commit and bind their respective institutions to the terms and conditions set forth in this document.

COUNTY OF SAN BERNARDINO

► Gary C. Ovitt, Chairman Board of Supervisors

Dated: **AUG 24 2010**

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD OF SUPERVISORS

By *[Signature]*
Clerk of the Board of Supervisors
of the County of San Bernardino

By *[Signature]*
Deputy Clerk



San Bernardino County Fire Protection District
(Print or type name of corporation, company, contractor, etc.)

By *[Signature]*
(Authorized signature - sign in blue ink)

Name Dan Wurl

Title Fire Chief

Dated: 8/10/10 (Print or Type)

Address 157 W. 5th Street, 2nd Floor

San Bernardino, CA 92415-0451

Approved as to Legal Form

► S. Mark Strain, Deputy County Counsel
Date 8-11-10

Reviewed by Contract Compliance

► Nanci Sevelin, Contract Coordinator
Date 8-11-10

Presented to BOS for Signature

► Dena M. Smith, Director
Date 8/16/10

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

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
AND RECORD OF ACTION**

June 17, 2014

FROM: TOM HUDSON, Director
Land Use Services Department

MARK A. HARTWIG, Fire Chief
San Bernardino County Fire Protection District

SUBJECT: MEMORANDUM OF UNDERSTANDING BETWEEN LAND USE SERVICES
DEPARTMENT AND SAN BERNARDINO COUNTY FIRE PROTECTION
DISTRICT FOR FIRE HAZARD ABATEMENT SERVICES

RECOMMENDATION(S)

1. Acting as the governing body of the County of San Bernardino, approve the Memorandum of Understanding (**Agreement No. 14-520**) between the Land Use Services Department and San Bernardino County Fire Protection District for San Bernardino County Fire Protection District to provide fire hazard abatement services in the unincorporated areas of San Bernardino County and contract cities, effective June 17, 2014, until terminated by either party.
2. Acting as the governing body for the San Bernardino County Fire Protection District, approve the Memorandum of Understanding (**Agreement No. 14-520**) between the Land Use Services Department and San Bernardino County Fire Protection District for San Bernardino County Fire Protection District to provide fire hazard abatement services in the unincorporated areas of San Bernardino County and contract cities, effective June 17, 2014, until terminated by either party.

(Presenter: Randy Rogers, Program Manager, 387-8178)

BOARD OF SUPERVISORS COUNTY GOALS AND OBJECTIVES

Improve County Government Operations.

Operate in a Fiscally-Responsible and Business-Like Manner.

Maintain Public Safety.

Pursue County Goals and Objectives by Working with Other Governmental Agencies.

FINANCIAL IMPACT

Approval of this item will not result in the use of any additional Discretionary General Funding (Net County Cost). Costs associated with this agreement are reimbursed through billing to

Page 1 of 2

cc: LUSD-Rogers w/Agree ;Hudson
SBCFPD- Hartwig w/Agree
;Johnstone
ATC-Acct. Pay. Mgr. w/Agree
EBIX-BPO c/o Risk Mgmt.
CAO-Snoke
File - w/Agree
ss 7/1/14

ITEM 96

Record of Action of the Board of Supervisors & Directors

APPROVED (CONSENT CALENDAR)				
COUNTY OF SAN BERNARDINO				
Board of Supervisors				
Board of Directors				
San Bernardino County Fire Protection District				
MOTION	AYE	AYE	SECOND	MOVE
	1	2	3	4
LAURA H. WELCH, CLERK OF THE BOARD				
BY <i>[Signature]</i>				
DATED: June 17, 2014				

**MEMORANDUM OF UNDERSTANDING BETWEEN LAND USE SERVICES
DEPARTMENT AND SAN BERNARDINO COUNTY FIRE PROTECTION
DISTRICT FOR FIRE HAZARD ABATEMENT SERVICES
JUNE 17, 2014
PAGE 2 OF 2**

property owners and/or levying special assessments against the properties for any unpaid balances. Adequate appropriation and revenue have been included in both the Land Use Services Department and San Bernardino County Fire Protection District's 2014/2015 Recommended Budget for fire hazard abatement contract work and will be included in future budgets.

BACKGROUND INFORMATION

The Land Use Services Department (LUSD) administers a Fire Hazard Abatement Program within the unincorporated areas of San Bernardino County, pursuant to San Bernardino County Code Section 23.0301. Approval of this item will allow LUSD to enter into a formal Memorandum of Understanding (MOU) with the San Bernardino County Fire Protection District (County Fire) for the purpose of assigning fire hazard abatement work, as it deems appropriate, for the period commencing June 17, 2014, until terminated by either party.

In 2012/2013, County Fire and LUSD informally agreed that LUSD would have the ability to utilize a County Fire crew (Hand Crew 40) on a case-by-case basis for fire hazard abatement services. Both departments found that utilizing the County Fire crew on fire hazard abatement jobs significantly reduced telephone calls from the public about the work that was being performed. The collaboration of both entities has resulted in a reduction of fire hazards in various communities throughout the County by providing defensible space around properties and structures, which in turn has increased safety for firefighters and other "first-responders". It also provided County Fire with the ability to keep Hand Crew 40 fully staffed and mobilized for emergency utilization in the event of a wildfire within the County.

The assignment of fire hazard abatement work is determined by LUSD based on the availability of contractors and the type of equipment needed to perform the fire hazard abatement work on the property. LUSD will compensate County Fire for staff and equipment utilized on each individual project per the specified rates listed in County Fire's approved fee ordinance, as detailed in Section VII of the MOU. LUSD will maintain all records and photographs pertaining to the delivery of services under this MOU and demonstrate accountability for MOU performance.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Carol Greene, Deputy County Counsel, 387-5455) on May 16, 2014 and (John Tubbs II, Deputy County Counsel, 387-5455) on May 19, 2014; County Fire (Jim Johnstone, Deputy Fire Chief, 387-5779) on May 16, 2014; Finance (Luther Snoke, Administrative Analyst, 387-4345) on May 19, 2014; and County Finance and Administration (Mary Jane Olhasso, Assistant Executive Officer, 387-4599) on June 2, 2014.



County of San Bernardino
FAS
STANDARD CONTRACT

FOR COUNTY USE ONLY

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	FAS Vendor Code	SC	Dept. WAB	A	Contract Number 14-520	
ePro Vendor Number					ePro Contract Number	
County Department Land Use Services Department			Dept. WAB	Orgn. WAB	Contractor's License No.	
County Department Contract Representative Randy Rogers, Program Manager			Telephone (909)387-8155		Total Contract Amount	
Contract Type <input type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input checked="" type="checkbox"/> Other: MOU						
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date	Contract End Date	Original Amount \$	Amendment Amount	
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Project Name MOU between Land Use Services Dept & County Fire for fire hazard abatement services			Estimated Payment Total by Fiscal Year FY Amount I/D FY Amount I/D			

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, hereinafter called the County, and

Name

San Bernardino County Fire Protection District

hereinafter called COUNTY FIRE

Address

157 West 5th Street, 2nd Floor

San Bernardino, CA 92415-0451

Telephone

(909) 387 - 5944

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

**MEMORANDUM OF UNDERSTANDING
BETWEEN
LAND USE SERVICES DEPARTMENT
AND
SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
FOR
FIRE HAZARD ABATEMENT SERVICES**

Auditor-Controller/Treasurer Tax Collector Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

This Memorandum of Understanding (MOU) is entered into this _____ day of _____ 2014, by and between the County of San Bernardino Land Use Services Department (LUSD) and San Bernardino County Fire Protection District (COUNTY FIRE).

WHEREAS, LUSD administers a Fire Hazard Abatement Program within the unincorporated areas of San Bernardino County pursuant to San Bernardino County Code Section 23.0301, et seq.

WHEREAS, LUSD has the funds available to recompense for fire hazard abatement services in the unincorporated areas of San Bernardino County and contract cities;

WHEREAS, LUSD finds the COUNTY FIRE qualified to provide fire hazard abatement services in the unincorporated areas of San Bernardino County and contract cities; and

WHEREAS, LUSD desires that such services be provided by COUNTY FIRE and COUNTY FIRE agrees to perform fire hazard abatement services as set forth below;

NOW THEREFORE, LUSD and COUNTY FIRE mutually agree to the following terms and conditions:

I. LUSD GENERAL RESPONSIBILITIES

- A. LUSD will maintain all records and photographs pertaining to the delivery of services under this MOU and demonstrate accountability for MOU performance.

II. LUSD RESPONSIBILITY

LUSD shall:

- A. Provide regular updates on anticipated workloads.
- B. Offer fire hazard abatement work as it becomes available and will move on to the next available contractor should COUNTY FIRE be unavailable or unable to complete work due to other responsibilities.
- C. Review and approve or deny COUNTY FIRE's handwork job report/invoice within thirty (30) days of receipt. Adjustments and/or cancellations will be made to time and total cost as determined by what the photographs justify. When appropriate, a copy of worksheets will be returned to COUNTY FIRE explaining why the adjustment and/or cancellation was required.
- D. Reimburse COUNTY FIRE for fire hazard abatement work completed as assigned and to the satisfaction of LUSD.

III. COUNTY FIRE RESPONSIBILITY

COUNTY FIRE shall:

- A. COUNTY FIRE shall provide fire hazard abatement services in the unincorporated areas of San Bernardino County and in contract cities as assigned by LUSD.
- B. COUNTY FIRE shall pick up worksheet packets immediately after accepting fire hazard abatement work assignments and must be completed within thirty (30) days of worksheet packet issuance. If work will not

be completed within thirty (30) days, COUNTY FIRE shall notify LUSD in sufficient time to allow the work to be assigned to another Fire Hazard Abatement Contractor before the abatement period expires. COUNTY FIRE must return the completed worksheets and the incomplete portion of the packet back to LUSD to be accounted for.

- C. COUNTY FIRE understands that digital photographic documentation is MANDATORY. BEFORE and AFTER photographs shall be taken of any fire hazard abatement work that is performed on any parcel. The photographs must be clear, concise and of sufficient quantity/quality to document the amount of work completed. The photographs taken must demonstrate the need for the abatement on the property showing the reason for fire hazard abatement (travel/ladder fuels/proximity to structures).

Each digital photograph SHALL ONLY bear the date stamp imprinted and SHALL NOT have a time stamp imprinted. The first photo of each before and after photo sequence shall be of a small sign with the parcel number, date, contractor name and the word "BEFORE" or "AFTER" written on the sign.

The photographs are to be taken immediately BEFORE the work commences and AFTER abatement work is completed. Each AFTER picture shall be taken from the same location as the BEFORE picture showing the same outstanding point of reference/landmark in both photographs for comparison.

If LUSD does not receive the required photographs from COUNTY FIRE to adequately substantiate the work performed, LUSD will not authorize payment to COUNTY FIRE.

The photographs along with handwork job reports/invoices shall be submitted NO LATER THAN two weeks following completion of the fire hazard abatement work unless otherwise approved by LUSD.

- D. COUNTY FIRE understands that working along a road or other non-private place (i.e., vacant lot) does not require a warrant to remove fire hazards. However, entering onto private property to remove fire hazards where there is a single family residence is located does require a warrant.
- E. If COUNTY FIRE arrives to assigned work location and determines that work was done by owner (DBO), photographs must be submitted with DBO worksheets to LUSD. COUNTY FIRE shall act as the final inspector determining if fire hazard has been removed or remains on property.
- F. COUNTY FIRE shall ensure the safety of their staff and leave the assigned work location should COUNTY FIRE believe staff safety is in jeopardy. COUNTY FIRE shall contact LUSD as soon as possible of such occurrence.
- G. COUNTY FIRE shall submit landfill dump receipts with handwork invoices when it is required to remove items to a County landfill. COUNTY FIRE shall document the assessor's parcel number (APN) on the dump receipt with the corresponding percentage of the load the parcel created. Photographs are needed of the load. Typically these pictures will be taken of the rear of the truck or trailer with gates open to see the approximate percentage of space that the debris takes up. When debris from several parcels are accumulated before a trip to the landfill, a photograph of the truck or trailer at every parcel is required to document and substantiate the percentage determined on the landfill dump receipt.
- H. COUNTY FIRE shall provide an itemized cost breakdown for each job to be submitted with all handwork invoices which will include: hand crew hours, landfill disposal site fees, any other related costs and/or associated jobs combined with the dump fees and travel to landfill disposal site.

- I. COUNTY FIRE shall perform necessary equipment check to ensure equipment being utilized is appropriate for fire hazard abatement work to be performed and is in good working order.
- J. COUNTY FIRE shall ensure that all crews are equipped with the appropriate type and size fire extinguisher.

IV. EQUIPMENT SPECIFICATIONS

A. Tractor (if required)

Tractors used shall be of sufficient size and horsepower to provide effective and efficient fire hazard abatement services. All equipment shall be maintained and operated to perform in a safe manner. All tractors are to be equipped with an approved spark arrestor and a fire suppression device that is fully operable and maintained.

B. Mowers (if required)

Mowers will be the flail or rotary type, unless otherwise approved by LUSD. The mower is to be of sufficient size and weight to provide effective and efficient fire hazard abatement services. All equipment shall be maintained and operated in a safe manner.

C. Weed Cutters

Gas-powered string trimmers as approved by LUSD.

D. Hand tools and Safety Equipment

Hand tools such as, but not limited to, rakes, hoes and shovels, as well as personal safety equipment such as, but not limited to, safety glasses, breathing masks, and gloves, as required by the OSHA, CalOSHA and approved by LUSD.

V. WORK SPECIFICATIONS

A. Hand Crew Size

The minimum crew shall consist of not less than two people.

B. Transportation

An adequate mode of transportation shall be furnished by the COUNTY FIRE, and at the COUNTY FIRE's cost to execute the specified work.

VI. SCOPE OF WORK

A. Mowing

Weeds shall be cut within four (4) inches of the finished soil surface to eliminate standing weeds with an approved mechanical mower. Mowing may include all or a portion of the property as determined by LUSD. When mowing is required for tumbleweed abatement, the occasional tumbleweeds that are out of reach of the mower (along fences, on banks, etc.) will be picked by hand and placed where the mower can cut them.

B. Fire Breaks

In some areas, fire breaks are permitted as an alternative abatement for large and/or contiguous parcels. LUSD will direct COUNTY FIRE if a fire break will be used to abate fire hazards on any given parcel. When firebreaks are required, only the areas mowed are eligible for reimbursement.

C. Partial Clearance

Some parcels will require only partial clearance. Therefore, only the areas that are cleared are eligible for reimbursement.

VII. COMPENSATION

- A. LUSD shall compensate the COUNTY FIRE for staff and equipment utilized on each individual project per the specified rates listed in the COUNTY FIRE's approved fee ordinance as follows:

DESCRIPTION	HOURLY RATE
Captain	\$62.02
Fire Suppression Aide	\$11.00
Fire Suppression Aide II	\$12.10
Fire Suppression Aide III	\$13.20
Chipper (Includes Staff & Truck)	\$122.45
Crew Buggy – Vehicle Only	\$92.51
Crew Van – Vehicle Only	\$40.68
Skidsteer (Includes Staff, Truck & Trailer)	\$121.67
Transport Pilot Vehicle	\$32.70

- B. COUNTY FIRE's rates are subject to change per fiscal year as approved by the COUNTY FIRE's Board of Directors.
- C. COUNTY FIRE shall submit invoices for work performed to LUSD within thirty (30) days of completion of work.

VIII. ASSIGNMENT

Neither this MOU nor any clause or provision contained herein may be assigned, transferred or released without the prior written consent of the parties here to.

IX. CHANGES OR MODIFICATIONS

No part of this MOU may be modified, altered, amended, waived or changed without the express written consent of both parties, signed by the authorized representative(s) of the LUSD and the COUNTY FIRE.

X. APPLICABLE LAW

Both LUSD and COUNTY FIRE agree and acknowledge that this MOU shall be construed and interpreted and enforced in accordance with the laws of the State of California.

XI. RECIPROCAL/MUTUAL INDEMNITY – HOLD HARMLESS

- A. COUNTY FIRE agrees to indemnify and hold harmless LUSD, its officers, employees, agents and volunteers from any and all claims, losses, actions and/or liabilities for injury to persons and damage to property arising out of any negligent act or omission of COUNTY FIRE, its officers, employees, agents or volunteers in connection with the performance of this MOU.
- B. LUSD agrees to indemnify and hold harmless COUNTY FIRE, its officers, employees, agents and volunteers from any and all liabilities for injury to persons and damage to property arising out of any negligent act or omission of LUSD, its officers, employees, agents or volunteers in connection with the performance of this MOU.

XII. SELF-INSURANCE

LUSD and COUNTY FIRE are authorized self-insured public entities for purposes of Professional Liability, General Liability, Automobile Liability and Workers' Compensation and warrant that through their respective programs of self-insurance, they have adequate coverage or resources to protect against liabilities arising out of the performance of the terms, conditions or obligations of this MOU.

XIII. COMPARATIVE FAULT

In the event that LUSD and/or COUNTY FIRE are determined to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under this MOU, LUSD and/or COUNTY FIRE shall indemnify the other to the extent of its comparative fault.

XIV. IMPROPER CONSIDERATION

COUNTY FIRE shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of LUSD in an attempt to secure favorable treatment regarding this MOU.

LUSD, by written notice, may immediately terminate this MOU if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee, or agent of LUSD with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once this MOU is in effect.

COUNTY FIRE shall immediately report any attempt by a LUSD officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from COUNTY FIRE. The report shall be made to the supervisor or manager charged with supervision of the employee or to the County Administrative Office. In the event of a termination under this provision, LUSD is entitled to pursue any available legal remedies.

XV. TERM

This MOU shall take effect on the date it is signed by both parties and will remain in effect until terminated by either party in accordance to the provisions set forth in Section XVI, Early Termination below.

XVI. EARLY TERMINATION

- A. This MOU may be terminated without cause upon thirty (30) days written notice by either party. The Fire Chief, or his/her appointed designee, is authorized to exercise COUNTY FIRE's rights with respect to any termination of this MOU. The LUSD Director, or his/her appointed designee, has authority to terminate this MOU on behalf of LUSD.
- B. COUNTY FIRE will only be reimbursed for costs and un-cancellable obligations incurred prior to the date of termination. COUNTY FIRE will not be reimbursed for costs incurred after the date of termination.
- C. If, during the term of this MOU, County General Funds appropriated for the purposes of this MOU are reduced or eliminated, LUSD may immediately terminate this MOU upon written notice to COUNTY FIRE.

XVII. NOTICES

When notices are required to be given pursuant to this MOU, the notices shall be in writing and mailed or hand delivered with receipt to the following respective addresses listed below:

LUSD:
County of San Bernardino
Land Use Services Department
ATTN: Tom Hudson, Director
385 N. Arrowhead Ave., 1st Floor
San Bernardino, CA 92415-0187

COUNTY FIRE:
San Bernardino County Fire Protection District
ATTN: Mark Hartwig, Fire Chief
157 West 5th Street, 2nd Floor
San Bernardino, CA 92415-0451

XVIII. FULL UNDERSTANDING

This MOU represents the full and complete understanding of the parties and supersedes all prior oral and written agreements, contracts, or understanding between the parties. Any amendment to this MOU shall be in writing, signed by both parties.

XIX. CONCLUSION

- A. This MOU, consisting of eight (8) pages, is the full and complete document describing services to be rendered by COUNTY FIRE to LUSD including all covenants, conditions and benefits.
- B. The signatures of the parties affixed to this MOU affirm that they are duly authorized to commit and bind their respective institutions to the terms and conditions set forth in this document.

IN WITNESS WHEREOF, the parties have caused this MOU to be executed as of the day and year written below.

COUNTY OF SAN BERNARDINO

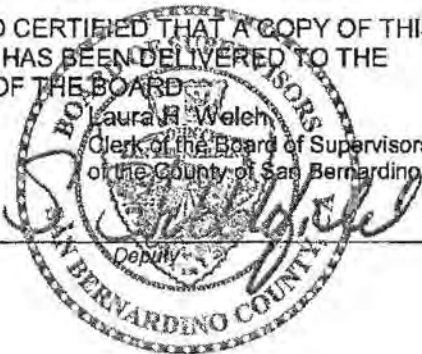
► Janice Ruthford
Janice Ruthford, Chair, Board of Supervisors

Dated: May 16 2014

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By [Signature]



San Bernardino County Fire Protection District
(Print or type name of corporation, company, contractor, etc.)

By ► [Signature]
(Authorized signature - sign in blue ink)

Name Mark H. Hudson
(Print or type name of person signing contract)

Title Fire Chief
(Print or Type)

Dated: _____

Address _____

Approved as to Legal Form

► [Signature]
John Tubbs II, Deputy County Counsel

Date 5/19/14

Reviewed by Contract Compliance

► Larita Manalili
Larita Manalili, Administrative Manager

Date 5/19/14

Presented to BOS for Signature

► [Signature]
Tom Hudson, Director

Date 5-29-2014

FIRE/WEED HAZARD ABATEMENT CONTRACTS FY 14/15

Input "U-Wee" in TAG1

Entity	Description	Community	Parcels	\$0.83/parcel (Valley & Desert)	\$1.74/Parcel (Mountains)	Seasons	Contract Amount FY 14/15	Fund/Dept/Org
Desert Zone County Fire	City/Unincorporated	Hesperia	37,582	\$31,193	\$0	2	62,386	FNZ-590-C300-2890
		Mountain View Acres	7,421	\$6,159	\$0	1	6,159	FNZ-590-4037-2890
		Spring Valley Lake	5,054	\$4,195	\$0	1	4,195	FNZ-590-4022-2890
		Wrightwood	3,398	\$0	\$5,913	1	5,913	FNZ-590-1000-2890
Mountain Zone County Fire		Lake Arrowhead	16,110	\$0	\$28,031	1	28,031	FMZ-600-1000-2890
		Mountain Home Village	144	\$0	\$251	1	251	FMZ-600-1000-2890
		Forest Falls	1,132	\$0	\$1,970	1	1,970	FMZ-600-1000-2890
		Angies Oaks	998	\$0	\$1,737	1	1,737	FMZ-600-1000-2890
		Green Valley Lake	1,495	\$0	\$2,601	1	2,601	FMZ-600-1000-2890
		Big Bear	4,393	\$0	\$7,644	1	7,644	FMZ-600-1000-2890
		Colton/Reche Canyon	753	\$625	\$0	2	1,250	FVZ-580-1000-2890
San Bernardino Valley (unincorporated)		Devore	1,096	\$910	\$0	2	1,819	FVZ-580-1000-2890
		Muscoy	2,284	\$1,896	\$0	2	3,791	FVZ-580-1000-2890
		Unincorporated Redlands	159	\$132	\$0	2	264	FVZ-580-1000-2890
		San Bernardino	5,977	\$4,961	\$0	2	9,922	FVZ-580-1000-2890
		Yucaipa	50	\$42	\$0	2	83	FVZ-580-1000-2890
		Loma Linda	170	\$141	\$0	2	282	FVZ-580-1000-2890
		Lytle Creek	1,072	\$890	\$0	2	1,780	FVZ-580-1000-2890
		Mentone	3,295	\$2,735	\$0	2	5,470	FVZ-580-1000-2890
		Bloomington	4,988	\$4,140	\$0	2	8,280	FVZ-580-1000-2890
		Rialto	1,766	\$1,466	\$0	2	2,932	FVZ-580-1000-2890
		Unincorporated Fontana	5,820	\$4,831	\$0	2	9,661	FVZ-580-C070-2890
		Unincorporated Ontario	1,711	\$1,420	\$0	2	2,840	FVZ-580-C070-2890
Central Valley Fire District		Upland	1,499	\$1,244	\$0	2	2,488	FVZ-580-1000-2890
			108,367	\$66,979	\$48,146		171,749	
TOTAL								

Crest Forest Fire not added because their board
refuses to pay for that service

County Fire Service Zone Parcels	
SB Valley unincorporated	14,856
Central Valley Service Zone	15,784
Mountain Service Zone	24,272
Desert Service Zone	53,455
Total	108,367

**Appendix Q to V are on File in
the LAFCO Office, Copy can
be Obtained Upon Request**

City of Hesperia
MEMORANDUM



DATE: October 2, 2017

TO: Kathleen Rollings-McDonald, LAFCO-San Bernardino Executive Officer

FROM: Nils Bentsen, City Manager *NB*
Brian D. Johnson, Assistant City Manager-Management Services *B*
George Pirsko, Senior Financial Analyst *GP*

SUBJECT: Disposition of Lease Agreement With County of San Bernardino

Background

The Hesperia Fire Protection District (HFPD) and the County of San Bernardino Fire Department (County Fire) have submitted an application to LAFCO-San Bernardino for the annexation of the HFPD into County Fire. On August 21, 2007, the HFPD and County Fire entered into a 25 year lease agreement for the construction and subsequent use of Station 305. Construction of the station was completed June 30, 2010 for a total cost of \$7,065,571.

Analysis

According to the 25 year lease agreement, County Fire made a contribution of \$3,500,000 toward the construction of HFPD Station 305. County Fire closed Station 40, and moved those operations to Station 305. The funds were deposited in 2007 and the HFPD has recognized \$140,000 (1/25th) of revenue each fiscal year since completion of Station 305 in FY 2010-11. As of June 30, 2017, the remaining amount of unearned revenue is \$2,520,000.

The lease agreement stipulates that either party can terminate the agreement, however the agreement did not contemplate that the HFPD and County Fire would initiate annexation proceedings. As Station 305 will become an asset of County Fire with the annexation, the lease will terminate on that date and the unearned revenue will be eliminated at that same time.

Attachments

Attached is a copy of the August 15, 2007 HFPD staff report and signed Lease Agreement.

City of Hesperia
STAFF REPORT



DATE: August 15, 2007
TO: Chair and Board Members, Hesperia Fire District
FROM: Mike Podegracz, City Manager
BY: Brian D. Johnson, Assistant City Manager-Management Services
SUBJECT: Fire Station 305 Lease Agreement with County of San Bernardino

RECOMMENDED ACTION

It is recommended that the Board approve the Fire Station 305 Lease Agreement with the County of San Bernardino and authorize the Chair to exercise the Lease Agreement.

BACKGROUND

During 2005 and 2006, an Ad Hoc Committee composed of two City Council/Board Members and City staff reviewed fire protection and emergency medical service needs for the City, with a focus on determining future resource needs. Part of the Ad Hoc Committee's findings was the recommendation to replace existing and build new fire stations. Specifically, the addition of one new fire station was recommended west of the I-15 Freeway, which could be jointly used and staffed by the Hesperia Fire Protection District and the San Bernardino County Consolidated Fire District (County Fire). Existing County Fire apparatus and staffing from County Fire Station 40 could be shifted to the new joint use fire station.

This new facility will be known as Hesperia Fire Station 305 and funding for the design and partial construction is included in the 2007-08 Budget. Construction of Fire Station 305 is expected to start in Winter/early Spring 2008, with the completion in Fiscal Year 2008-09. The new fire station was intended to include a separate County Fire administration building, however the County has determined that no County Fire administration building will be included. Therefore, an 18,478 square foot shared use fire station will be built. Joint ownership of the fire station would require the formation of a Joint Powers Authority with County Fire and the Hesperia Fire District which was determined to be inefficient and costly for one facility; therefore the County agreed to have the Hesperia Fire District own Fire Station 305 and the joint use and financial contribution by the County be prescribed by a Lease Agreement.

ISSUES AND ANALYSIS

County Fire staff and the County Counsel representing San Bernardino County and City staff and the City Attorney developed a Lease Agreement for Fire Station 305 which is attached. The Lease Agreement provisions are summarized as follows:

- The Hesperia Fire District will construct a fire house structure on an approximately 3.5-acre portion of APN 3039-351-001 in the City of Hesperia. The 3.5 acres will include a building of approximately 18,478 square feet and associated landscaping, parking, and utilities, to be shared by the Hesperia Fire District and County Fire per the Lease Agreement.

- County Fire and the Hesperia Fire District have agreed on the preliminary design of the building and other improvements.
- The Lease Agreement shall be for a term of 25 years with a total County Fire contribution toward construction of the fire station and related improvements of \$3,500,000 upon approval of the Lease Agreement by both parties.
- Fire Station 305 will be shared by County Fire and the Hesperia Fire District, with County Fire entitled to use an unspecified thirty percent (30%) of the premises and the Hesperia Fire District entitled to use the remaining seventy percent (70%). County Fire may use the Hesperia Fire District's share if it is not used by the Hesperia Fire District.
- The Hesperia Fire District agrees to be responsible for major structural repairs and/or replacements which exceed \$1,000, such as heating and cooling systems, plumbing, etc.
- Maintenance and utilities expenses shall be shared, with the County Fire responsible for 30% and the Hesperia Fire District responsible for 70%.
- The Lease Agreement includes an option to extend the agreement beyond 25 years, if mutually agreed upon.
- The Lease Agreement includes termination provisions which require a two year notice. If the Lease Agreement is terminated by County fire, the Hesperia Fire District shall not refund any of County Fire's \$3,500,000 contribution. If the Lease Agreement is terminated by the Hesperia Fire District, a schedule identifying the refund to County Fire is included in the Lease Agreement which refunds a large portion of County Fire's contributions during the first ten years of the agreement and \$150,000 less each subsequent year through the remaining fifteen years.
- The Lease Agreement includes various legal provisions related to insurance, indemnification, etc.

Determining County Fire's "share" of Fire Station 305 is a rough approximation, based on the \$3,500,000 contribution they are making. The Lease Agreement entitles County Fire to use (and maintain) an unspecified thirty percent (30%) of the premises and County Fire may use the Hesperia Fire District's 70% share if it is not used by the Hesperia Fire District. The most recent Station 305 cost estimates for architectural, construction, etc., excluding land costs, is a total cost of \$10,295,925, with County Fire's \$3,500,000 contribution being approximately 34% of the total cost. The other cost comparison used, was to compare the cost of a three bay fire station like Fire Station 301 (12,307 square feet), which probably would have been built at the Station 305 site if County Fire was not participating, with the cost of building the four bay Station 305 (18,478 square feet). The four bay station cost of \$10,295,925 versus a three bay station cost of \$7,134,313 is \$3,161,612 more expensive and is close to County Fire's contribution of \$3,500,000. Considering the comparisons above, Hesperia Fire District is contributing the land and will also own Fire Station 305 "free and clear" after 25 years, County Fire's contribution of \$3,500,000 for 30% use of Fire Station 305 for 25 years is a reasonably advantageous arrangement for both parties.

FISCAL IMPACT

The fiscal impact is discussed in detail in the Issues/Analysis section of this staff report.

ALTERNATIVE

Provide alternative direction to staff.

ATTACHMENTS

Lease Agreement.

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
COUNTY OF SAN BERNARDINO, CALIFORNIA
BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

August 21, 2007

FROM: PAT A. DENNEN, Fire Chief/Fire Warden
San Bernardino County Consolidated Fire District

**SUBJECT: AGREEMENT BETWEEN THE SAN BERNARDINO COUNTY CONSOLIDATED
FIRE DISTRICT AND THE HESPERIA FIRE PROTECTION DISTRICT FOR NEW
FIRE STATION AND TWENTY-FIVE YEAR LEASE**

RECOMMENDATION: Acting as the governing body of County Service Area 70, the San Bernardino County Consolidated Fire District (County Fire), approve **Agreement No. 07-713** with the Hesperia Protection Fire District (District) for the design, construction, and leasing of a new fire station (Station No. 305) to serve designated areas within the territorial boundaries of the City of Hesperia and County Fire, for a twenty-five (25) year lease period, in return for a contribution of \$3,500,000 by County Fire to the District.

BACKGROUND INFORMATION: County Fire provides fire protection and emergency medical services to the District pursuant to a service agreement dated April 27, 2004. This recommended Lease Agreement is for the establishment and allocation of responsibilities for the design, construction and leasing of a fire station to serve designated areas within the territorial boundaries of the City of Hesperia and County, commonly referred to as Station 305. Under the provisions of this Lease Agreement, County Fire will contribute \$3,500,000 toward the construction of the fire station and related improvements; the District will own an approximately 3.5 acre site, and carry out the design and construction thereof. In return, County Fire will be provided with a twenty-five (25) year lease to share the premises with the District, and entitled to use of an unspecified thirty percent (30%) portion to maintain one engine company (one fire truck and related firefighter staffing).

Either party may terminate the Lease Agreement, without cause, upon a two (2) year written notice to the other party. If the Lease Agreement is terminated by the District, and County Fire is not in default of the agreement, the District shall refund a portion of County Fire's contribution as set forth in a schedule within the Lease Agreement.

Approval of this recommendation will approve a twenty-five (25) year lease agreement with the District for County Fire's shared use of new fire station facility in Hesperia.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Dawn Messer, Deputy County Counsel, 387-8900) on August 7, 2007; and the County Administrative Office (Wayne Thies, Administrative Analyst, 387-5409) on August 14, 2007.

cc: SBCCFD-Montag w/ Agreement
Contractor c/o Dept w/ Agreement
Periculum c/o Risk Management
w/ Agreement
Auditor-Acct Pay Mgr w/ Agreement
SBCCFD-Manalili w/ Agreement
SBCCFD-Dennen
CC-Messer
CAO-Thies
SDD
File w/ Agreement
jll 8/23/2007

Record of Action of the Board of Directors

AGREEMENT NO.07-713

**APPROVED(CONSENT CALENDAR)
BOARD OF DIRECTORS**

MOTION	<u>MOVE</u> 1	<u>ABSENT</u> 2	<u>AYE</u> 3	<u>AYE</u> 4	<u>SECOND</u> 5
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DENA M. SMITH, SECRETARY

BY _____

DATED: August 21, 2007

ITEM 058

BOARD OF DIRECTORS

**AGREEMENT BETWEEN THE SAN BERNARDINO COUNTY CONSOLIDATED
FIRE DISTRICT AND THE HESPERIA FIRE PROTECTION DISTRICT FOR NEW
FIRE STATION AND TWENTY-FIVE YEAR LEASE**

August 21, 2007

Page 2 of 2

FINANCIAL IMPACT: The County Fire 2007-08 Capital Improvement Project Budget (CWU-290) contains funding in the amount of \$3,500,000 for the County Fire contribution pursuant to the Lease Agreement. County Fire will pay thirty percent (30%) of ongoing utility charges and routine maintenance expenses after the fire station facility is constructed and becomes operational.

SUPERVISORIAL DISTRICT(S): First

PRESENTER: Pat A. Dennen, Fire Chief/Fire Warden, 387-5948



County of San Bernardino

FAS

CONTRACT TRANSMITTAL

FOR COUNTY USE ONLY

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	Vendor Code	SC	Dept.	A	Contract Number 07-713	
County Department San Bernardino County Consolidated Fire			Dept.	Orgn.	Contractor's License No.	
County Department Contract Representative Carol Montag Division Manager			Telephone (909) 387-5944		Total Contract Amount Not to Exceed \$3,500,000	
Contract Type <input type="checkbox"/> Revenue <input checked="" type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:						
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date	Contract End Date	Original Amount	Amendment Amount	
Fund SKX	Dept. 106	Organization 100	Appr. 200	Obj/Rev Source 2445	GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Project Name Hesperia Fire Protection District Lease			Estimated Payment Total by Fiscal Year			
			FY	Amount	I/D	
			2007/08	\$3,500,000		
Contract type 2(d)						

CONTRACTOR Hesperia Fire Protection District

Fed ID No. or Social Security No. _____

Contractor's Representative City Manager - Mike Podegracz

Address 9700 7th Avenue, Hesperia, CA 92345

Phone (760) 947-1025

Nature of Contract: _____

Acting as the governing body of San Bernardino County Consolidated Fire District (County Fire), approve Agreement No. 07-___ to provide funds to the Hesperia Fire Protection District for a portion of the cost of construction of a fire station and provide a twenty-five year lease between the District and County Fire for shared use of the facility by County Fire for a period commencing with the date of completion of the facility through a date certain twenty five years thereafter

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)

Reviewed as to Contract Compliance

Presented to BOS (or Signature

SEE SIGNATURE PAGE

County Counsel

Department Head

Date 8/22/07

Date _____

Date 8/21/07

Auditor/Controller-Recorder Use Only

☐ Contract Database

☐ FAS

Input Date

Keyed By

COUNTY OF SAN BERNARDINO

LEASE AGREEMENT

LESSOR: Hesperia Fire Protection District (District)
(Mike Podegracz, General Manager)
9700 7th Avenue
Hesperia, CA 92345

LESSEE: San Bernardino County Consolidated Fire District (County Fire)
Attn: Fire Chief/Fire Warden – Pat Dennen
157 W. 5th Street, 2nd Floor
San Bernardino, CA 92415

LOCATION: A fire house structure to be built by the District on an approximately 3.5-acre portion of APN 3039-351-001 in the City of Hesperia, to be designated by the District.

SIZE: 3.5 acres including a building of approximately 18,478 square feet and associated landscaping, parking, and utilities, to be shared by the District and County Fire per the Lease Agreement

TERM: Twenty-five (25) years commencing on the date of completion of the facility by the District, which is estimated to be 24 to 36 months from the date of execution of this Agreement.

OPTIONS: Upon mutual agreement of the parties

ANNUAL INCREASES: None

IMPROVEMENT COSTS: Provided by District

CUSTODIAL: Shared per the Lease Agreement

MAINTENANCE: Shared per the Lease Agreement

RIGHT TO TERMINATE: Yes with 2-year notice, subject to the Lease Agreement

PARKING: Sufficient to County Fire and District Needs

COUNTY CONTRACT NUMBER: #304669

**LEASE AGREEMENT BETWEEN SAN BERNARDINO COUNTY CONSOLIDATED FIRE DISTRICT
AND HESPERIA FIRE PROTECTION DISTRICT**

This Lease Agreement ("Agreement") is made and entered into by and between the San Bernardino County Consolidated Fire District (County Fire) and the Hesperia Fire Protection District (District) for the design, construction, and leasing of a fire station to serve designated areas within the territorial boundaries of the City and County, commonly referred to as Station 305.

RECITALS

1. County Fire and District are parties to a Fire Protection Services Agreement dated on or about April 27, 2004 ("Services Agreement"), pursuant to which County Fire provides fire protection and emergency medical services within the boundaries of the District.
2. The District owns or will own an approximately 3.5-acre portion of APN 3039-351-001 in the City of Hesperia ("Site"), described in the legal description attached hereto as Exhibit "A." District intends to develop the Site with a fire station building and associated improvements, landscaping, parking, and utilities (collectively, the "Leased Premises").
3. The District shall carry out the design and construction of the Leased Premises necessary for it to be occupied as a functioning fire station. The fire station building will be approximately 18,478 square feet with approximately 12,308 square feet of living quarters. County Fire and District have agreed on the preliminary design of the building and other improvements on the Leased Premises.
4. Upon completion of the design and construction of the fire station building, the District shall lease the Leased Premises to County Fire for a term of twenty-five (25) years, subject to District's right to use a portion of the Leased Premises as set forth herein. The parties intend that the Leased Premises will be shared by County Fire and District in that County Fire will be entitled to use an unspecified thirty percent (30%) of the Leased Premises and District will be entitled to use the remaining seventy percent (70%), as further described herein.
5. County Fire shall have the right to use its share of the Leased Premises during the term of this Agreement for the sole purpose of providing fire protection and emergency services to areas served by County Fire within and outside of the City, subject to the District's right to use a portion of the Leased Premises for equipment and personnel that may be designated in the Services Agreement from time to time.
6. The total County Fire contribution toward construction of the fire station and related improvements shall be Three Million Five Hundred Thousand Dollars (\$3,500,000), payable in full upon approval of this Agreement by the respective boards of County Fire and District.

AGREEMENT

NOW, THEREFORE, in consideration of the above recitals, the City and County Fire do hereby agree as follows:

1. Recitals Incorporated. The foregoing Recitals are incorporated herein by reference as if set forth in full.
2. Premises Lease.
 - a. District hereby leases to County Fire the Leased Premises described in the Recitals, including the real property and all fixtures and furnishings thereon, for a term of twenty-five (25) years, commencing on the date of completion of the fire station building by District ("Commencement Date") on the terms and conditions set forth in this Agreement. The date of completion (and the Commencement Date) shall be the date the City of Hesperia issues a certificate of occupancy for the building.
 - b. County Fire shall pay to District annual rental payments of One Dollar (\$1.00), which District acknowledges has been paid in full for the term of this Agreement.
 - c. The District agrees to be responsible for all major structural repairs and/or replacements which exceed \$1,000 per occurrence (including labor cost) to the Leased Premises, except any maintenance or repairs made necessary by an act or omission of County Fire. Major structural repairs shall include, but not be limited to, heating and cooling systems, plumbing, concrete replacement, asphalt replacement, roof replacement, apparatus door replacement, and the structural integrity of the building and facility replacement due to fire, flood, earthquake, or any other natural or man made disaster causing the facility to be uninhabitable.
 - d. County Fire shall not make any structural or exterior improvements or alterations to the Leased Premises without District's written consent. Any such alterations shall remain on and be surrendered with the Leased Premises on expiration or termination of this Agreement.
3. District's Right to Share Leased Premises. The Leased Premises will be shared by County Fire and District in that County Fire will be entitled to use an unspecified thirty percent (30%) of the Leased Premises and District will be entitled to use the remaining seventy percent (70%). County Fire may use the District's share if not used by District. District and County Fire may agree to amend the Services Agreement from time to time to designate additional equipment and personnel to serve the District. At District's discretion such additional equipment and personnel may be stationed at the Leased Premises. Accordingly, County Fire acknowledges that it may be required to reduce its use of the Leased Premises to accommodate District's use, provided that County Fire's share of the Leased Premises will not be reduced below thirty percent (30%).
4. Option to Extend Term. This Agreement may be extended upon mutual agreement of the parties. Beginning two (2) years prior to the expiration of the 25-year term, District and County Fire will meet and confer to review the terms of the lease and to discuss whether to extend the lease; provided, however, there shall be no obligation to actually agree to extend the lease or modify any of the terms thereto.

5. Option to Terminate Lease. Either party may terminate this Agreement at any time, without cause, upon two (2) years' written notice to the other party. If this Agreement is terminated by County Fire, District shall not refund any of County Fire's contribution. If this Agreement is terminated by District, provided County Fire is not in default of this Agreement and has not abandoned the Leased Premises, District shall refund a portion of County Fire's contribution as set forth in the schedule below.

Year of Lease Termination	Amount to Refund to County Fire
One through Five Years	\$3,500,000
Six through Ten Years	\$2,800,000
Eleven through expiration	\$2,000,000 minus \$150,000 for each year past Eleven

6. Utilities. County Fire shall pay thirty percent (30%) and District shall pay seventy percent (70%) of all utility service charges, including charges for electricity, gas, telephone, water, refuse disposal, janitorial, maintenance and any related expenses provided to the Leased Premises.
7. Maintenance Expense. County Fire shall pay thirty percent (30%) and District shall pay seventy percent (70%) of all necessary routine maintenance expense, including janitorial interior maintenance and landscaping maintenance for the Leased Premises.
8. Transfer/Assignment. County Fire shall not transfer or assign any of its rights or obligations under this Agreement without the express written consent of District, in District's sole discretion.
9. Right of Access. District or its authorized representatives may, without prior written or oral notice to County Fire, enter the Leased Premises at all reasonable times during usual business hours for the purposes of inspecting the same, or to make such repairs or reconstruction required or permitted pursuant to this Agreement.
10. Indemnification. In contemplation of the provisions of Section 895.2 of the California Government Code imposing certain tort liability jointly upon public entities solely by reason of such entities being parties to an agreement as defined by Section 895 of the Code, the parties hereto, pursuant to the authorization contained in Section 895.4 and 895.6 of the Code, agree that each party shall be liable for any damages including, but not limited to, claims, demands, losses, liabilities, costs and expenses including reasonable attorneys fees, resulting from the acts or omissions of their employees or agents in the performance of this Agreement, and each party shall indemnify, defend and hold harmless the other party from such claims, demands, damages, losses or liabilities.
11. Insurance. District agrees to procure and maintain fire and casualty insurance on the Leased Premises to the same extent as provided for District's other facilities. County Fire shall procure and maintain workers compensation, general liability, and automobile liability insurance equivalent to the insurance required by the Service Agreement.
12. Authorized Representatives.
- a. County Fire hereby designates its County Fire Chief/Fire Warden, or his/her designee, to act as its representative for the performance of this Agreement (County Fire's Representative). County Fire's Representative shall have full authority to represent and act on behalf of County Fire for

all purposes under this Agreement. County Fire's Representative shall supervise and direct the services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the services under this Agreement.

- b. The District hereby designates its General Manager, or his/her designee, to act as its representative for the performance of this Agreement (District's Representative). District's Representative shall have full authority to represent and act on behalf of District for all purposes under this Agreement. The District's Representative shall supervise and direct the services, using his best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the services under this Agreement.

13. Notices. Any and all notices permitted under this Agreement shall be given to the respective parties at the following addresses, or at such address as the respective parties may provide in writing by registered or certified mail, postage prepaid for this purpose:

County Fire:

San Bernardino County Consolidated Fire District
Attn: Fire Chief/Fire Warden – Pat Dennen
157 W. 5th Street, 2nd Floor
San Bernardino, CA 92415

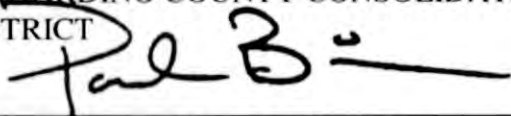
District:

Hesperia Fire Protection District
Attn: Mike Podegracz, General Manager
9700 7th Avenue
Hesperia, CA 92345

14. Incorporation of Prior Agreement. This Agreement contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Agreement, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose.
15. Waivers. No waiver by either party of any provisions of this Agreement shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provisions.
16. Amendments. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successor in interest, expressing by its terms an intention to modify this Agreement.
17. Successors. This Agreement shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.
18. Severability. If any word, phrase, clause, sentence, paragraph, section, article, part or portion of this Agreement is or shall be invalid for any reason, the same shall be deemed severable from the remainder hereof and shall in no way affect or impair the validity of this Agreement or any other portion thereof.

19. Provisions Are Covenants And Conditions. All provisions, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.
20. Exhibits. All exhibits referred to are attached to this Agreement and incorporated by reference.
21. Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.
22. Venue. The parties acknowledge and agree that this Agreement was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue for any action or claim brought by any party to this Agreement will be the San Bernardino District, San Bernardino County. Each party hereby waives any law or rule of court which would allow them to request or demand a change of venue. If any action or claim concerning this Agreement is brought by any third party, the parties hereto agree to use their best efforts to obtain a change of venue to the San Bernardino District, San Bernardino County.
23. Attorneys' Fees And Costs. If any legal action or proceeding is instituted to enforce or declare any party's rights hereunder, the prevailing party, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to receive reasonable attorney's fees and costs from the other party.

SAN BERNARDINO COUNTY CONSOLIDATED
FIRE DISTRICT



Paul Biane, Chairman, Board of Directors, as in its
capacity as the governing body of the Agency

► Dated: AUG 21 2007

SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD
Dena M. Smith, Secretary

By: 
COUNTY SERVICE AREA

HESPERIA FIRE PROTECTION DISTRICT



Rita K. Vogler
Chair

Name Rita K. Vogler
Print or type name of person signing

Title Chair

Dated August 21, 2007

agreement no. 07-713

EXHIBIT A

SITE

[TO BE INSERTED]

City of Hesperia
MEMORANDUM



DATE: June 26, 2017

TO: Kathleen Rollings-McDonald, LAFCO-San Bernardino Executive Officer

FROM: Nils Bentsen, City Manager *NB*
Brian D. Johnson, Assistant City Manager-Management Services *BDJ*
George Pirsko, Senior Financial Analyst *GP*

SUBJECT: Formation and Operations of Community Facilities Districts 94-01 and 2005-1

Background

The Hesperia Fire Protection District (HFPD) formed and administers Community Facilities District (CFD) No. 94-01 and also receives funding from the City formed and administered Community Facilities District No. 2005-1. This memorandum discusses the HFPD's administration and involvement with these two CFDs.

Community Facilities District No. 94-01

Formed May 5, 1994, CFD 94-01 was formed pursuant to the "Mello-Roos Community Facilities Act of 1982" Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California. CFD 94-01 is a services CFD, meaning the assessment is to fund the fire services operations. Beginning in 1995, and every year since, the City Council/Fire District Board of Directors has authorized the levy of the special tax on the parcels comprising the CFD as well as the parcels of all the annexations in the years since.

The special assessment amount was initially established at \$70 per single family residence and \$0.10 per square foot for commercial and industrial building space. These rates have been increased annually, as directed by the CFD's Rate and Method of Apportionment (RMA). The RMA directs that the annual assessment can be increased by the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U.S. Department of Labor, Bureau of Labor Statistics. Since inception, the City's special assessment contractor has used the May to May change to determine the annual increase. After the HFPD is annexed by the San Bernardino County Fire Department, it is anticipated that County Fire will assume administration for the CFD. This CFD has no predetermined end.

Community Facilities District No. 2005-1

CFD 2005-1 was formed February 16, 2005 for the purpose of refinancing the bonds of CFD 91-3 which funded the infrastructure of the Belgate Development. After computing the funding requirements to retire the CFD 91-3 bonds, the calculations showed sufficient capacity to include in the annual assessment a public safety portion which was further determined to be split 55% Police and 45% Fire. The 55%/45% split was based on the contract costs to the City and the CFD 94-01 burden already on the Belgate Development. CFD 2005-1 was formed pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982".



The public safety portion of the special assessment was initially established at \$429.89 per parcel. The first assessment in, FY 2006-07, was the result of a resolution (2005-048) that authorized the annual levy sufficient to pay the principal, interest, bond reserve, additional police protections, and additional fire protection and suppression services. The City's special assessment contractor provides to the County of San Bernardino Tax Collector the annual levy per the CFD's RMA. The RMA allows for a maximum annual increase to the levy of 2%.

Section 4 of Resolution No. 2005-032 states in part "that special taxes for the payment of police and fire protection and fire suppression services ("Authorized Services," as defined in the Rate and Method of Apportionment) may be levied so long as the City Council determines that it is needed. And Section I.2. of the Rate and Method of Apportionment (End of Term of Special Tax) states, in part, "the Special Tax shall continue to be levied for Administrative Expenses and Authorized Services so long as the Council, acting in its capacity as the legislative body of CFD 2005-1, determines that such Special Taxes are necessary to fund the Administrative Expenses and Authorized Services."

Special Assessment Collections

After the special assessments of the CFDs are added to the tax bills of the property owners within the districts, the collections are remitted to the HFPD (CFD 94-01) and the City of Hesperia (CFD 2005-1). For CFD 94-01, the collections are included in the HFPD revenues, in a distinct account. For the CFD 2005-1 collections, the remittances are recorded into a trust fund that pays the debt related costs and accounting adjustments record the public safety portion to the City of Hesperia's General Fund (for Police 55%) and to the HFPD (for Fire 45%), which is also recorded to a distinct HFPD revenue account.

**CITY OF HESPERIA
MEMORANDUM**



DATE: May 5, 1994

TO: Chairman and Board of Directors

FROM: David Berger, City Manager *DB*

BY: Ross Chadwick, Fire Chief *RC* and Tom Harp, Building Official *TH*

SUBJECT: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, DECLARING ITS INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO LEVY A SPECIAL TAX TO PAY FOR CERTAIN PUBLIC SERVICES WITHIN SAID COMMUNITY FACILITIES DISTRICT

Recommendation:

Approve Resolution No. HFPD 94-9, to establish Community Facilities District 94-1.

Background/Analysis:

In February, 1993, the Hesperia Fire Protection District Board of Directors approved Community Facilities District 93-1 (CFD 93-1) for the area shown on the attached map. The District would have imposed an annual assessment of \$70 per single family residence and \$0.10 per square foot for commercial and industrial building space. The money funds staff and equipment needs for the Hesperia Fire Protection District. CFD 93-1 was to be the "core" district to which other properties would be annexed. These other properties were designated as the Future Annexation Area to this Community Facilities District.

Subsequent to the formation of this Community Facilities District, but prior to the election by the landowner within the CFD to authorize the levy of the special tax, the landowner experienced significant legal and financial problems resulting in a declaration of bankruptcy and creation of a cloud on the title of the property, which prohibited us from determining the rightful owner of the property for purposes of voting in the election. Consequently, the landowners did not vote to authorize the levy of the special taxes for that Community Facilities District.

The enclosed resolution would establish a new Community Facilities District, Community Facilities District No. 94-1, encompassing certain properties owned by Kaufman & Broad, identified as Tentative Tract TT-14372. This property would become the "core"

CFD 94-1, ESTABLISHING A CFD
May 5, 1994
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Community Facilities District to which other properties would be subsequently annexed. The enclosed Resolution would initiate the proceedings by making appointments and designating persons to perform certain duties, in order to allow the proceedings to go forward.

Upon formation of CFD 94-1 and the approval by the landowners of the levy of the special tax, the Board of Directors of the Hesperia Fire Protection District will be asked to adopt a resolution abandoning the proceedings pertaining to Community Facilities District No. 93-1.

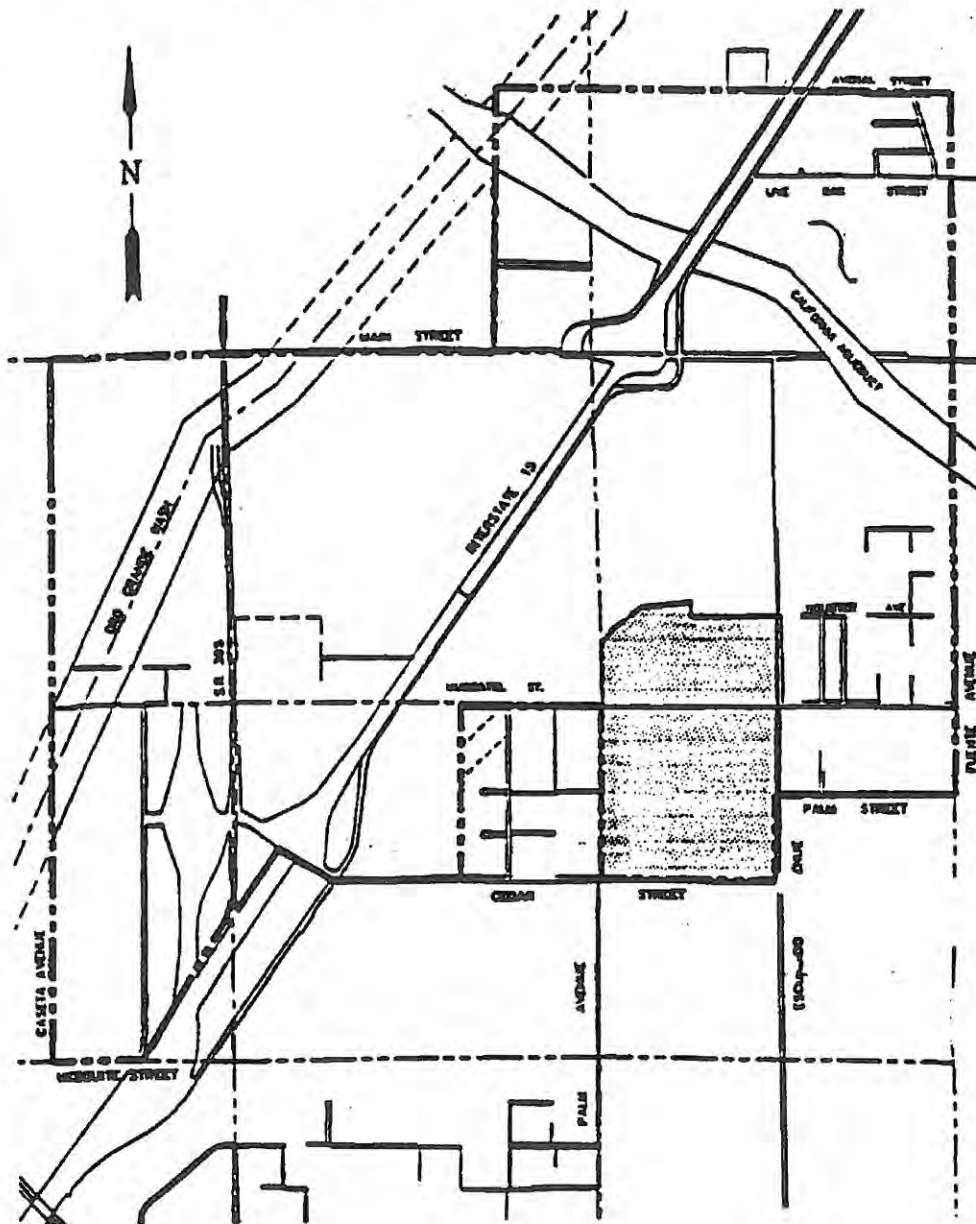
As a condition to development, the Planning Department at the request of the Fire Department has asked all area developers to annex into the proposed CFD 94-1. All surrounding developers are aware of this condition and have agreed to annex into the new CFD once it is formed. It is the intention of the CFD to maintain the original annual assessment of \$70 per single family residence and \$0.10 per square foot for commercial and industrial building space. Ultimately, CFD 94-1 would contain all of the properties originally intended to be included in CFD 93-1, including the Belgate Development Project. The boundaries for this new CFD would be approximately the same, including the newly annexed areas west of the aquaduct (see attached map).

RC/TH/ct

BOUNDARY MAP
FUTURE ANNEXATION AREA
HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT No. 93-01
COUNTY OF SAN BERNARDINO, CALIFORNIA

LEGEND

DISTRICT BOUNDARY - - - - -
ORIGINAL CFB BOUNDARY - - - - -
ORIGINAL CFB AREA



THE BOUNDARY OF THE FUTURE ANNEXATION AREA OF THE PROPOSED COMMUNITY FACILITIES IS FILED IN THE OFFICE OF THE SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT, 305 S. OF _____, HESPERIA.

SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWS PROPOSED BOUNDARIES OF THE ANNEXATION AREA OF COMMUNITY FACILITIES NO. 93-01 HESPERIA FIRE PROTECTION DISTRICT OF SAN BERNARDINO, STATE OF CALIFORNIA. THIS APPROVED BY ME AS ONE OF THE MEMBERS OF THE HESPERIA FIRE PROTECTION DISTRICT AT A REGULARLY SCHEDULED MEETING HELD ON THE _____ DAY OF _____, 1993, BY ITS RESOLUTION NO. _____.

SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

RECORDED'S CERTIFICATE
FILED THIS _____ DAY OF _____, 1993, AT THE HOUR OF _____, IN BOOK _____ OF MAPS OF ASSOCIATED AND COMMUNITY FACILITIES, AT PAGE NO. _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO

IT IS INTENDED THAT ALL VACANT, UNDEVELOPED, OR UNDERDEVELOPED LAND WITHIN THE BOUNDARIES OF THE FUTURE ANNEXATION AREA WILL BE ANNEXED TO THE COMMUNITY FACILITIES

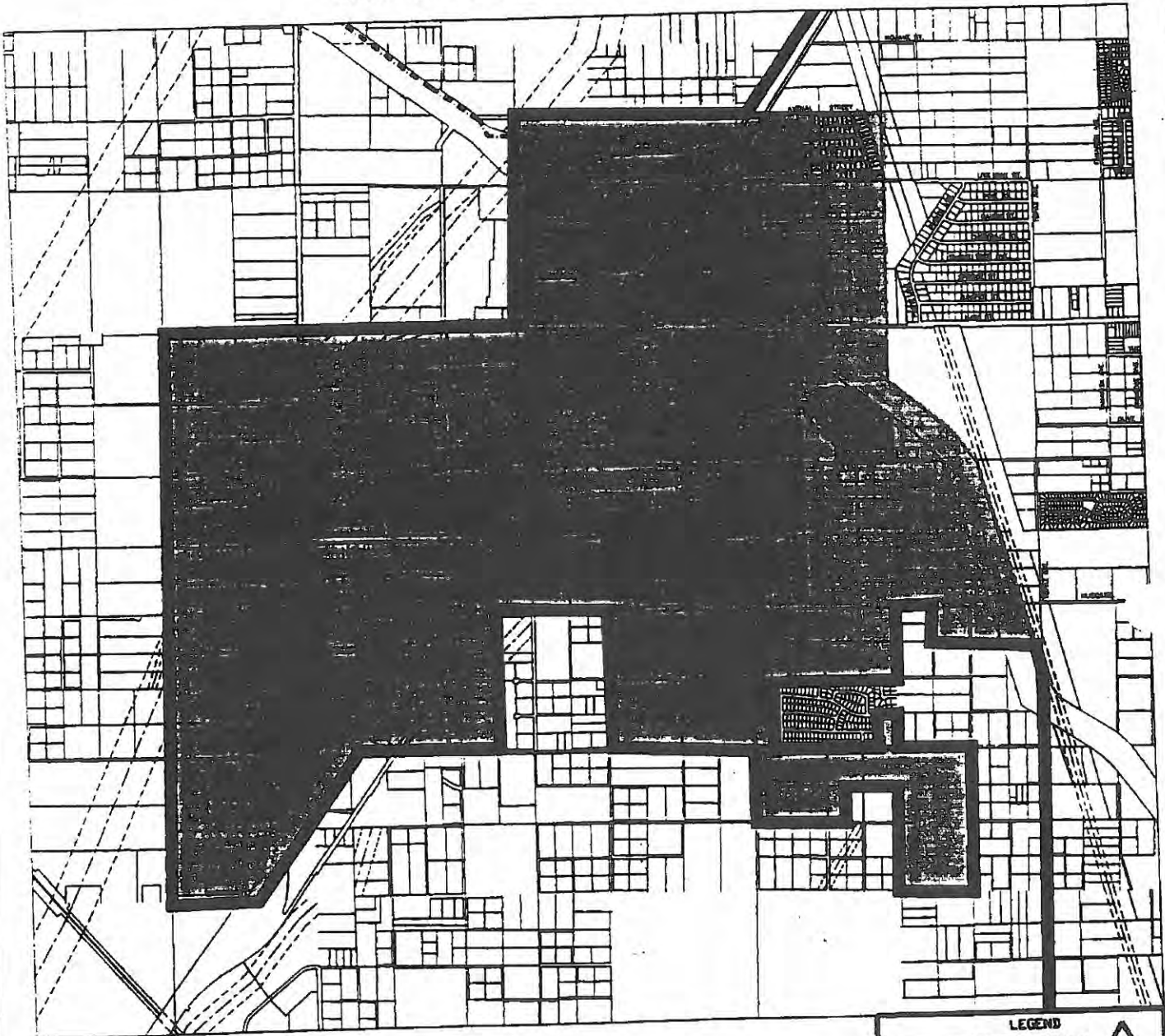
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BOUNDARY MAP
FUTURE ANNEXATION AREA

HESPERIA FIRE PROTECTION DISTRICT

COMMUNITY FACILITIES DISTRICT NO. 94-01
COUNTY OF SAN BERNARDINO, CALIFORNIA



THE BOUNDARY OF THE FUTURE ANNEXATION AREA OF THE PROPOSED COMMUNITY FACILITIES DISTRICT,
FILED IN THE OFFICE OF THE SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT, THIS _____ DAY OF _____ 1994.

SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF THE FUTURE ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT, NO. 94-01 HESPERIA FIRE PROTECTION DISTRICT, COUNTY OF
SAN BERNARDINO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AT A REGULAR SCHEDULED MEETING THEREOF, HELD ON THE _____
DAY OF _____ 1994, BY ITS RESOLUTION H.F.P.D. NO. _____

SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

RECORDER'S CERTIFICATE

FILED THIS _____ DAY OF _____ 1994, AT THE HOUR OF _____ A. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, AT PAGE NO. _____
IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO

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NOTE: IT IS INTENDED THAT ALL VACANT, UNDEVELOPED, OR UNDERDEVELOPED LAND WITHIN
THE FUTURE ANNEXATION AREA WILL BE ANNEXED TO THIS COMMUNITY FACILITIES DISTRICT
UPON DEVELOPMENT.

RESOLUTION NO. HFPD94-9

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, DECLARING ITS INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO LEVY A SPECIAL TAX TO PAY FOR CERTAIN PUBLIC SERVICES WITHIN SAID COMMUNITY FACILITIES DISTRICT

WHEREAS, the BOARD OF DIRECTORS of the HESPERIA FIRE PROTECTION DISTRICT, CALIFORNIA, (hereinafter referred to as the "legislative body of the local Agency"), at this time is desirous to initiate proceedings to create a Community Facilities District pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California. This Community Facilities District shall hereinafter be referred to as COMMUNITY FACILITIES DISTRICT NO. 94-01 (hereinafter referred to as the "District"); and,

WHEREAS, this legislative body is now required to proceed to adopt its Resolution of Intention to initiate proceedings for the establishment of said District, to set forth the boundaries for said District, indicate the type of public services to be provided, indicate the rate and apportionment of a special tax sufficient to pay for all such services, and set a time and place for a public hearing relating to the establishment of said District; and,

WHEREAS, a map of said District has been submitted showing the boundaries and properties to be included within said District.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

RECITALS

SECTION 1. That the above recitals are all true and correct.

INITIATION OF PROCEEDINGS

SECTION 2. That these proceedings are initiated by this legislative body pursuant to the authorization of Section 53318 of the Government Code of the State of California.

BOUNDARIES OF DISTRICT

SECTION 3. It is the intention of this legislative body to establish a Community Facilities District, the boundaries and parcels being that area of land in which public services are to be provided and on which special taxes may be levied in order to pay the cost and expenses for said public services. A description of the boundaries of territory proposed to be included in the District is as follows:

All that property to be served by the proposed public services, as said property is shown on a map as presented to and hereby approved by this legislative body, said map designated by the name of this Community Facilities District, a copy of which is on file in the Office of the Secretary and shall remain open for public inspection.

A certificate shall be endorsed on the original and on at least one (1) copy of the map of the District, evidencing the date and adoption of this Resolution, and within fifteen (15) days after the adoption of the Resolution fixing the time and place of the hearing on the formation or extent of said District, a copy of said map shall be filed with the correct and proper endorsements thereon with the County Recorder, all in the manner and form provided for in Sections 3110 and 3111 of the Streets and Highways Code of the State of California.

NAME OF DISTRICT

SECTION 4. The name of the proposed Community Facilities District to be established shall be known and designated as COMMUNITY FACILITIES DISTRICT NO. 94-01.

DESCRIPTION OF SERVICES

SECTION 5. That it is the intention of this legislative body to order and provide the following type and/or types of additional services within the area of the Community Facilities District:

Fire suppression services including but not limited to fire response services, emergency medical services, fire prevention programs and services, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration, and all other services provided by the Hesperia Fire Protection District or other fire personnel as may be deemed necessary from time to time. For further particulars, a description of services shall be contained in the "Report" of the Fire Chief to be presented to this legislative body at or before the time set for the public hearing on the establishment of this District.

The services, as above-described, are services as authorized by law and in addition to those provided in the territory of the District, and said services shall not supplant or replace specific services already available within that territory.

SPECIAL TAX

SECTION 6. That it is hereby further proposed that, except where funds are otherwise available, a special tax sufficient to pay for said services and related incidental expenses authorized by the Act, secured by recordation of a continuing lien against all non-exempt real property in the District, including property subsequent

acquired by a public entity, will be levied annually within the boundaries of said District, and any future annexations. For particulars as to the rate and method of apportionment of the proposed special tax, reference is made to the attached and incorporated Exhibit "A", which sets forth in sufficient detail the method of apportionment to allow each landowner or resident within the proposed District to clearly estimate the maximum annual amount that said person will have to pay for said services.

The special taxes herein authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes; however, as applicable, this legislative body may establish and adopt an alternative or supplemental collection procedure as it deems necessary.

This legislative body may, in its sole discretion, specify by resolution conditions under which the special tax obligation may be permanently satisfied and discharged.

PUBLIC HEARING

SECTION 7. NOTICE IS GIVEN THAT ON THE 16TH DAY OF JUNE, 1994, AT THE HOUR OF 7:00 O'CLOCK P.M., IN THE REGULAR MEETING PLACE OF THE LEGISLATIVE BODY, LOCATED AT 15776 MAIN STREET, HESPERIA, CA, A PUBLIC HEARING WILL BE HELD WHERE THIS LEGISLATIVE BODY WILL CONSIDER THE ESTABLISHMENT OF THE PROPOSED COMMUNITY FACILITIES DISTRICT, THE PROPOSED METHOD AND APPORTIONMENT OF THE SPECIAL TAX, AND ALL OTHER MATTERS AS SET FORTH IN THIS RESOLUTION OF INTENTION. THAT AT THE ABOVE-MENTIONED TIME AND PLACE FOR PUBLIC HEARING, ANY PERSONS INTERESTED, INCLUDING TAXPAYERS, PROPERTY OWNERS AND REGISTERED VOTERS, MAY APPEAR AND BE HEARD, AND THAT THE TESTIMONY OF ALL INTERESTED PERSONS FOR OR AGAINST THE ESTABLISHMENT OF THE DISTRICT, THE EXTENT OF THE DISTRICT, OR THE FURNISHING OF THE SERVICES, WILL BE HEARD AND CONSIDERED. ANY PROTESTS MAY BE MADE ORALLY OR IN WRITING. HOWEVER, ANY PROTESTS PERTAINING TO THE REGULARITY OR SUFFICIENCY OF THE PROCEEDINGS SHALL BE IN WRITING AND CLEARLY SET FORTH THE IRREGULARITIES AND DEFECTS TO WHICH THE OBJECTION IS MADE. ALL WRITTEN PROTESTS SHALL BE FILED WITH THE SECRETARY OF THE LEGISLATIVE BODY ON OR BEFORE THE TIME FIXED FOR THE PUBLIC HEARING. WRITTEN PROTESTS MAY BE WITHDRAWN IN WRITING AT ANY TIME BEFORE THE CONCLUSION OF THE PUBLIC HEARING.

IF WRITTEN PROTESTS AGAINST THE ESTABLISHMENT OF THE DISTRICT ARE FILED BY FIFTY PERCENT (50%) OR MORE OF THE REGISTERED VOTERS, OR SIX (6) REGISTERED VOTERS, WHICHEVER IS GREATER, RESIDING WITHIN THE PROPOSED DISTRICT, OR OWNERS OF ONE-HALF (1/2) OR MORE OF THE AREA OF LAND PROPOSED TO BE INCLUDED WITHIN THE DISTRICT AND NOT EXEMPT FROM THE SPECIAL TAX, THE PROCEEDINGS SHALL BE ABANDONED. IF SAID MAJORITY PROTEST IS LIMITED TO CERTAIN SERVICES OR SPECIAL TAX, THOSE SERVICES OR THAT TAX SHALL BE ELIMINATED BY THE LEGISLATIVE BODY.

ELECTION

SECTION 8. If, following the public hearing described in t. Section immediately below, the legislative body determines to establish the District and proposes to levy a special tax within the District, the legislative body shall then submit the levy of the special taxes to the qualified electors of the District. If at least twelve (12) persons, who need not necessarily be the same twelve (12) persons, have been registered to vote within the District for each of the ninety (90) days preceding the close of the subject hearing, the vote shall be by registered voters of the District, with each voter having one (1) vote. Otherwise, the vote shall be by the landowners of the District who were the owners of record at the close of the subject hearing, with each landowner, or the authorized representative thereof, having one (1) vote for each acre or portion of an acre of land owned within the District.

A successful election relating to the special tax authorization shall, as applicable, establish and/or change the appropriations limit as authorized by Article XIII B of the California Constitution as it is applicable to this District.

NOTICE

SECTION 9. That notice of the time and place of the public hearing shall be given by the Secretary in the following manner:

A. A Notice of Public Hearing shall be published the legally designated newspaper of general circulation, being THE DAILY PRESS, said publication pursuant to Section 6061 of the Government Code, with said publication to be completed at least seven (7) days prior to the date set for the public hearing.

B. A Notice of Public Hearing shall be mailed, postage prepaid, to each property owner and registered voter within the boundaries of the proposed District; said mailing to the property owners shall be to the address as shown on the last equalized assessment roll. Said mailing shall be completed at least fifteen (15) days prior to the date set for the public hearing.

PRELIMINARY DETERMINATIONS

SECTION 10. That this legislative body makes the following preliminary determinations:

A. That throughout the course of these proceedings the Board of Directors of the Hesperia Fire Protection District will be acting as the legislative body of the Community Facilities District No. 94-01, a legally constituted governmental entity as defined by Section 53317 of the Government Code of the State of California.

B. That all applicable regulatory rules of the Fire Protection District, including date, time and place of meetings, as well as notice requirements, shall be applicable for all proceedings conducted by this legislative body as the governing board of the Community Facilities District.

C. That the DAILY PRESS is hereby designated as the newspaper for all publications as required by law and as necessary for completion of this District.

D. That BROWN, DIVEN & HENTSCHKE, Attorneys at Law, is hereby appointed to act as Special Counsel for the purposes of preparing proceedings.

E. That the appointed FIRE CHIEF is hereby directed and ordered to prepare a "Report" to be presented to this legislative body, generally setting forth and containing the following:

SERVICES: Further information and data regarding a full and complete description of the public services proposed to be provided.

COST ESTIMATE: A general cost estimate setting forth costs of the services.

SPECIAL TAX: Further particulars and documentation regarding implementation, definitions and all other matters necessary to clearly set forth the rate, method and apportionment for the authorized special tax.

OTHER MATERIAL: All other material deemed necessary and related to the proposed District proceedings and funding.

Said "Report", upon its preparation, shall be submitted to this legislative body for review, and said "Report" shall be made a part of the record of the public hearing on the Resolution of Intention to establish said District.

PASSED, APPROVED AND ADOPTED ON MAY 5, 1994.

Michael J. Lampignano
Michael Lampignano, Chairman

ATTEST:

Roxanne L. Burbeck
Roxanne F. Burbeck, Assistant Secretary

HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 94-01

EXHIBIT "A"

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax shall be levied on each Parcel of land within Community Facilities District No. 94-01 of the Hesperia Fire Protection District (the "District"), and collected according to the Special Tax Liability determined by the Responsible Party of the Hesperia Fire Protection District (the "HFPD") through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to Parcels shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, the Board of Directors of HFPD, acting as the legislative body of the District, may establish and adopt an alternative or supplemental procedure as it deems necessary.

CATEGORIES OF SPECIAL TAX

RESIDENTIAL CATEGORY:

Residential Category includes each Taxable Property within the District that is zoned by the City of Hesperia (the "City") for use as a residential dwelling unit, and for which a building permit has been issued.

The maximum special tax that may be levied annually on Taxable Property within the Residential Category during the Fiscal Year beginning July 1, 1994 is \$70.00 per Parcel. Said maximum special tax shall increase each Fiscal Year thereafter by an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

NON-RESIDENTIAL CATEGORY:

The Non-residential Category includes each Taxable Property in the District which has been zoned by the City for non-residential uses, and for which a building permit has been issued.

The Non-residential Category special tax will be levied annually at a rate equal to \$0.10 per building square foot levied against each non-residential zoned Parcel during the Fiscal Year beginning July 1994. Said maximum special tax shall increase each Fiscal Year.

thereafter by an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

ASSIGNMENT TO CATEGORIES; LEVY

ANNUAL TAX CATEGORIES:

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the Responsible Party shall determine the Category representing each Parcel of land within the District. Parcels subject to levy shall be determined based upon the records of the San Bernardino County Assessor as of the March 1 preceding such July 1, and the Tax Category shall be determined based upon the status of the Parcel as of the May 1 preceding such July 1.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the HFPD in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of its counsel, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of the HFPD staff directly related thereto and a proportionate amount of HFPD general administrative overhead related thereto, any amounts paid by the HFPD from its general funds with respect to the District, and all other costs and expenses of the HFPD.

Building Square Foot is the square footage of a building for a Parcel, as shown on the building permit.

City means the City of Hesperia.

District means Community Facilities District No. 94-01 of the Hesperia Fire Protection District.

Fiscal Year means the period starting on July 1 and ending the following June 30.

HFPD means the Hesperia Fire Protection District.

Parcel means any San Bernardino County Assessor's Parcel or portion thereof that is within the boundaries of the District based on the equalized tax rolls of the County.

Responsible Party is any person or persons who the HFPD may appoint from time to time to compute the levy of the special taxes within the District.

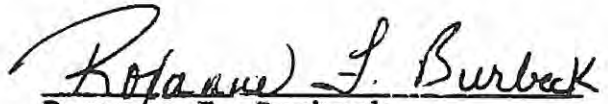
Tax Categories are those categories set forth in the body hereof.

Taxable Property is all real property within the boundaries of District which is not exempt from the special tax pursuant to law, except that the following property shall not be taxed: any acres of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right-of-way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Roxanne F. Burbeck, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that Resolution No. HFPD94-9 was duly and regularly adopted by the Board of Directors of the Hesperia Fire Protection District of the City of Hesperia, California at a Regular Meeting thereof held on the 5th day of May, 1994 by the following vote, to wit:

AYES: Boardmembers Bakker, Honeycutt, May, Lampignano
NOES: None
ABSENT: Boardmember Shearer
ABSTAIN: None

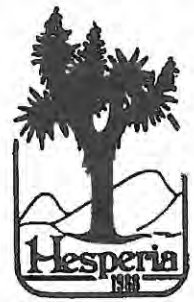

Roxanne F. Burbeck
Assistant Secretary
(SEAL)

I, _____, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that the foregoing Resolution No. HFPD94-9 is a full, true and correct copy of that now on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia this _____ day of _____, 1994.

Secretary
(SEAL)

CITY OF HESPERIA MEMORANDUM



DATE: May 5, 1994

TO: Chairman and Board of Directors

FROM: David Berger, City Manager *DB*

BY: Ross Chadwick, Fire Chief and Tom Harp, Building Official *TCH*

SUBJECT: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, DECLARING INTENTION TO ANNEX TERRITORY IN THE FUTURE TO A COMMUNITY FACILITIES DISTRICT

Recommendation:

Approve Resolution No. HFPD 94-10, which declares the intent of the Board to annex territory in the future to CFD 94-1 as well as sets the time and place of a public hearing.

Background/Analysis:

In February, 1993, the Hesperia Fire Protection District Board of Directors approved Community Facilities District 93-1 (CFD 93-1) for the area shown on the attached map. The District would have imposed an annual assessment of \$70 per single family residence and \$0.10 per square foot for commercial and industrial building space. The money funds staff and equipment needs for the Hesperia Fire Protection District. CFD 93-1 was to be the "core" district to which other properties would be annexed. These other properties were designated as the Future Annexation Area to this Community Facilities District.

Subsequent to the formation of this Community Facilities District, but prior to the election by the landowner within the CFD to authorize the levy of the special tax, the landowner experienced significant legal and financial problems resulting in a declaration of bankruptcy and creation of a cloud on the title of the property, which prohibited us from determining the rightful owner of the property for purposes of voting in the election. Consequently, the landowners did not vote to authorize the levy of the special taxes for that Community Facilities District.

The enclosed resolution would help initiate proceedings to form a new Community Facilities District, Community Facilities District No. 94-1, encompassing certain properties owned by Kaufman & Broad, identified as Tentative Tract TT-14372. This property would become the "core" Community Facilities District to which other properties would be subsequently annexed.

CFD 94-1, INTENTION TO ANNEX TERRITORY
May 5, 1994
Page -2-

Specifically, the enclosed Resolution declares the intent to annex territory in the future to Community Facilities District No. 94-1. The future annexation proceedings would be initiated by the adoption of this Resolution and would establish boundaries within which the properties could be annexed to CFD 94-1 with the consent of the property owners given at the time that the property develops. It also sets the time and place of a public hearing thereof.

Upon formation of CFD 94-1 and the approval by the landowners of the levy of the special tax, the Board of Directors of the Hesperia Fire Protection District will be asked to adopt a resolution abandoning the proceedings pertaining to Community Facilities District No. 93-1.

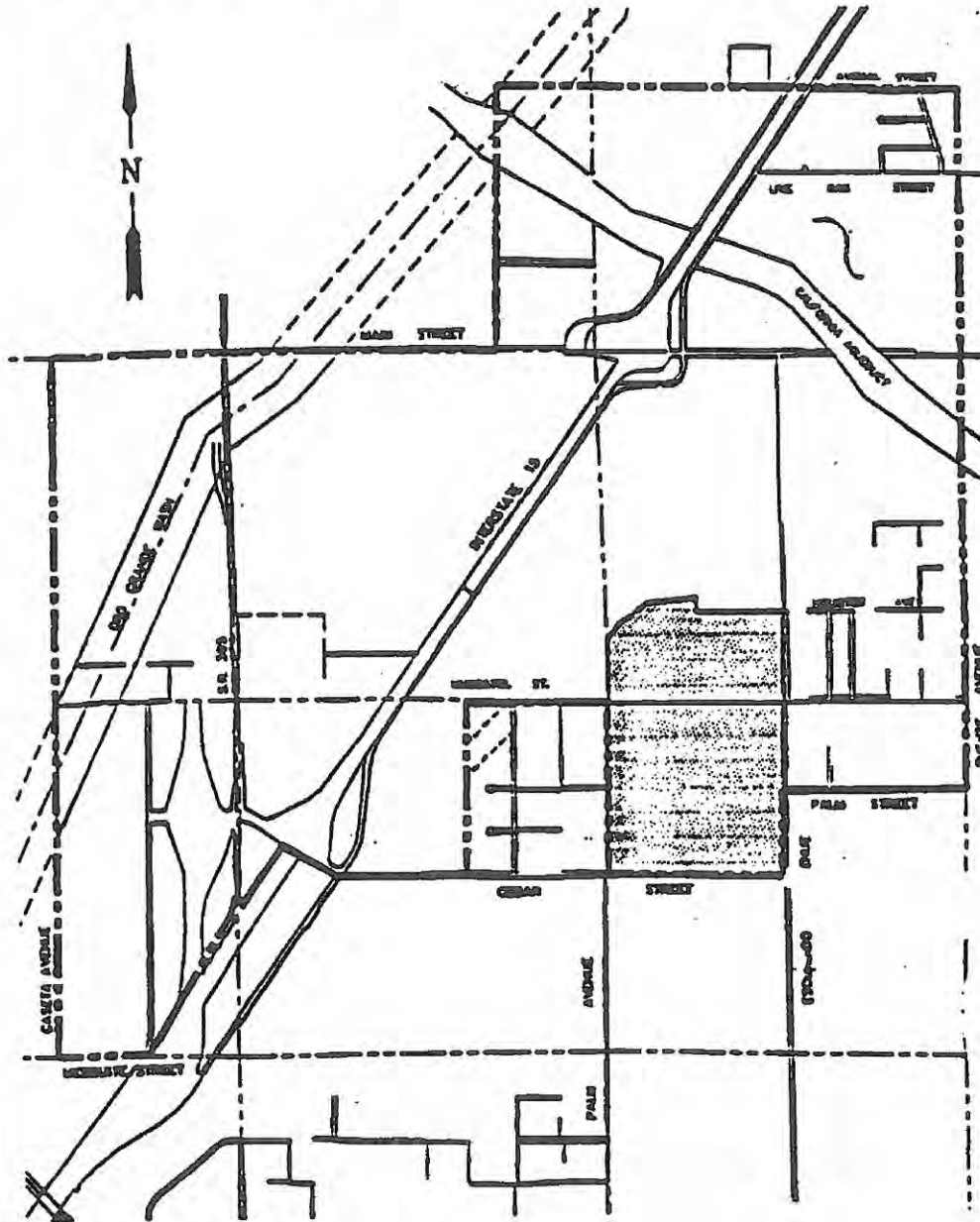
As a condition to development, the Planning Department at the request of the Fire Department has asked all area developers to annex into the proposed CFD 94-1. All surrounding developers are aware of this condition and have agreed to annex into the new CFD once it is formed. It is the intention of the CFD to maintain the original annual assessment of \$70 per single family residence and \$0.10 per square foot for commercial and industrial building space. Ultimately, CFD 94-1 would contain all of the properties originally intended to be included in CFD 93-1, including the Belgate Development Project. The boundaries for this new CFD would be approximately the same, including the newly annexed areas west of the aquaduct.

RC/TH/ct

BOUNDARY MAP
FUTURE ANNEXATION AREA
HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT No. 93-01
COUNTY OF SAN BERNARDINO, CALIFORNIA

LEGEND

DISTRICT BOUNDARY - - - - -
ORIGINAL CFB BOUNDARY - - - - -
ORIGINAL CFB AREA



THE BOUNDARY OF THE FUTURE ANNEXATION AREA OF THE PROPOSED COMMUNITY FACILITIES DISTRICT NO. 93-01 HESPERIA FIRE PROTECTION DISTRICT IS FILED IN THE OFFICE OF THE SECRETARY OF THE COUNTY OF SAN BERNARDINO, CALIFORNIA, THIS DAY OF _____, 1988.

SECRETARY OF THE COUNTY OF SAN BERNARDINO

I HEREBY CERTIFY THAT THE WITHIN SHOWN PROPOSED BOUNDARY OF THE FUTURE ANNEXATION AREA OF THE COMMUNITY FACILITIES DISTRICT NO. 93-01 HESPERIA FIRE PROTECTION DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, CALIFORNIA, AT A REGULAR MEETING HELD ON THE _____ DAY OF _____, 1988, BY ITS RESOLUTION NO. _____.

SECRETARY OF THE COUNTY OF SAN BERNARDINO

FILED THIS _____ DAY OF _____ AT THE HOUR OF _____ IN BOOK _____ MAPS OF ASSOCIATION AND COMMUNITY DISTRICTS, AT PAGE NO. _____ OF THE COUNTY RECORDS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.

CLERK OF THE COUNTY OF SAN BERNARDINO

IT IS INTENDED THAT ALL VACANT, UNDEVELOPED, OR UNDERDEVELOPED LAND WITHIN THE BOUNDARIES OF THE FUTURE ANNEXATION AREA WILL BE ADDED TO THE COMMUNITY FACILITIES DISTRICT.

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RESOLUTION NO. HFPD94-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA
FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, DECLARING
INTENTION TO ANNEX TERRITORY IN THE FUTURE TO A COMMUNITY
FACILITIES DISTRICT

WHEREAS, the BOARD OF DIRECTORS of the HESPERIA FIRE PROTECTION DISTRICT, CALIFORNIA, (hereinafter referred to as the "legislative body of the local Agency"), at this time is desirous to provide the authorization to annex territory in the future to a Community Facilities District pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, and specifically Article 3.5 thereof. The Community Facilities District has been designated as COMMUNITY FACILITIES DISTRICT NO. 94-01 (hereinafter referred to as the "District"); and,

WHEREAS, it is determined to be within the best public interest and convenience to establish a procedure to allow and provide for future annexations to the District and further to specify the amount of special taxes that would be levied and set forth the terms and conditions for certification of any annexation in the future; and,

WHEREAS, the area proposed to be annexed in the future shall be known and designated as COMMUNITY FACILITIES DISTRICT NO. 94-01 (FUTURE ANNEXATION AREA) (hereinafter referred to as the "Future Annexation Area"), and a map showing the territory of the proposed to be annexed in the future has been submitted, which said map is hereby approved and a copy of said map shall be kept on file with the transcript of these proceedings.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

RECITALS

SECTION 1. That the above recitals are all true and correct.

AUTHORIZATION

SECTION 2. That these proceedings for future annexations are authorized and initiated by this legislative body pursuant to the authorization of Section 53339.2 of the Government Code of the State of California.

PUBLIC CONVENIENCE AND NECESSITY

SECTION 3. That this legislative body hereby determines that the public convenience and necessity requires a procedure to allow and authorize territory to be annexed in the future to the District in order to pay the costs and expenses for the required and authorized public services.

BOUNDARIES

SECTION 4. A general description of the territory included in the District is hereinafter described as follows:

All that property and territory as previously included within the District, as said property was shown on a map as approved by this legislative body designated by the name of the District, a copy of which is on file in the Office of the City Clerk, as well as a copy being on file in the Office of the County Recorder.

SECTION 5. A description of the boundaries and territory proposed to be annexed in the future is as follows:

All that property and territory proposed to be annexed in the future to the District, as said property is shown on a map submitted to and hereby approved by this legislative body, said map identified by the name of the District and further designated as Future Annexation Area, a copy of which is on file in the Office of the Secretary of the Board of Directors and shall remain open for public inspection. Future annexation proceedings can only be completed with the unanimous consent of the owner or owners of any parcel proposed for final annexation.

A certificate shall be endorsed on the original and on at least one (1) copy of the map of the Future Annexation Area, evidencing the date and adoption of this Resolution, and within fifteen (15) days after the adoption of the Resolution fixing the time and place of the hearing on the intention to annex in the future, a copy of said map shall be filed with the correct and proper endorsements thereon with the County Recorder, all in the manner and form provided for in Sections 3110 and 3111 of the Streets and Highways Code of the State of California.

NAME OF DISTRICT

SECTION 6. The name of the District is COMMUNITY FACILITIES DISTRICT NO. 94-01, and the designation for the Future Annexation Area shall be COMMUNITY FACILITIES DISTRICT NO. 94-01 (FUTURE ANNEXATION AREA).

SERVICES

SECTION 7. That the types of services provided in the existing District are those described as follows:

Fire suppression services including but not limited to fire response services, emergency medical services, fire prevention programs and services, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration, and all other services provided by the Hesperia Fire Protection District or other fire personnel as may be deemed necessary from time to time.

SPECIAL TAXES

SECTION 8. It is the intention of this legislative body that, except where funds are otherwise available, a special tax sufficient to pay for said services to be provided in the Future Annexation Area, secured by recordation of a continuing lien against all non-exempt real property in the Future Annexation Area, will be levied annually within the boundaries of the Future Annexation Area. For particulars as to the rate and method of apportionment of the proposed special tax, reference is made to the attached and incorporated Exhibit "A", which sets forth in sufficient detail the method of apportionment to allow each landowner or resident within the Future Annexation Area to clearly estimate the maximum amount that said person will have to pay on said special tax.

The proposed special taxes shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes; however, as applicable, this legislative body may establish and adopt an alternate or supplemental procedure as it deems necessary.

EFFECTIVE DATE

SECTION 9. Annexation of property in the future shall be effective upon the unanimous approval of the owner or owners of parcels at the time the parcel is annexed, and no further public hearings or additional proceedings will be required.

PUBLIC HEARING

SECTION 10. NOTICE IS GIVEN THAT ON THE 16TH DAY OF JUNE, 1994, AT THE HOUR OF 7:00 O'CLOCK P.M., IN THE REGULAR MEETING PLACE OF THE LEGISLATIVE BODY, LOCATED AT 15776 MAIN STREET, HESPERIA, CA, A PUBLIC HEARING WILL BE HELD WHERE THIS LEGISLATIVE BODY WILL CONSIDER THE ANNEXATION OF CERTAIN TERRITORY IN THE FUTURE TO THE DISTRICT, THE PROPOSED METHOD AND APPORTIONMENT OF THE SPECIAL TAX TO BE LEVIED WITHIN SAID PROPOSED FUTURE ANNEXATION AREA, AND ALL OTHER MATTERS AS SET FORTH IN THIS RESOLUTION OF INTENTION. ANY INTERESTED PERSONS MAY APPEAR AND BE HEARD, AND WRITTEN PROTESTS SHALL BE FILED ON OR BEFORE THE TIME FIXED FOR THE PUBLIC HEARING.

NOTICE

SECTION 11. That notice of the time and place of the public hearing shall be given by the Secretary of the Board of Directors in the following manner:

A. A Notice of Public Hearing shall be published in the legally designated newspaper of general circulation, being THE

DAILY PRESS, said publication pursuant to Section 6061 of the Government Code, with said publication to be completed at least seven (7) days prior to the date set for the public hearing.

PASSED, APPROVED AND ADOPTED ON MAY 5, 1994.

Michael J. Lampignano
Michael Lampignano, Chairman

ATTEST:

Roxanne F. Burbeck
Roxanne F. Burbeck, Assistant Secretary

HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 94-01
FUTURE ANNEXATION AREA

EXHIBIT "A"

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax shall be levied on each Parcel of land within Community Facilities District No. 94-01 of the Hesperia Fire Protection District (the "District") including the Future Annexation Area, and collected according to the Special Tax Liability determined by the Responsible Party of the Hesperia Fire Protection District (the "HFPD") through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to Parcels shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes; however, the Board of Directors of HFPD, acting as the legislative body of the District, may establish and adopt an alternative or supplemental procedure as it deems necessary.

CATEGORIES OF SPECIAL TAX

RESIDENTIAL CATEGORY:

Residential Category includes each Taxable Property within the District that is zoned by the City of Hesperia (the "City") for use as a residential dwelling unit, and for which a building permit has been issued.

The maximum special tax that may be levied annually on Taxable Property within the Residential Category during the Fiscal Year beginning July 1, 1994 is \$70.00 per Parcel. Said maximum special tax shall increase each Fiscal Year thereafter by an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

NON-RESIDENTIAL CATEGORY:

The Non-residential Category includes each Taxable Property in the District which has been zoned by the City for non-residential uses, and for which a building permit has been issued.

The Non-residential Category special tax will be levied annually at a rate equal to \$0.10 per building square foot levied against each non-residential zoned Parcel during the Fiscal Year beginning July 1, 1994. Said maximum special tax shall increase each Fiscal Year thereafter by

an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by U. S. Department of Labor, Bureau of Labor Statistics.

ASSIGNMENT TO CATEGORIES; LEVY

ANNUAL TAX CATEGORIES:

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the Responsible Party shall determine the Category representing each Parcel of land within the District. Parcels subject to levy shall be determined based upon the records of the San Bernardino County Assessor as of the March 1 preceding such July 1, and the Tax Category shall be determined based upon the status of the Parcel as of the May 1 preceding such July 1.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the HFPD in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of its counsel, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of the HFPD staff directly related thereto and a proportionate amount of HFPD general administrative overhead related thereto, any amounts paid by the HFPD from its general funds with respect to the District, and all other costs and expenses of the HFPD.

Building Square Foot is the square footage of a building for a Parcel, as shown on the building permit.

City means the City of Hesperia.

District means Community Facilities District No. 94-01 of the Hesperia Fire Protection District.

Fiscal Year means the period starting on July 1 and ending the following June 30.

HFPD means the Hesperia Fire Protection District.

Parcel means any San Bernardino County Assessor's Parcel or portion thereof that is within the boundaries of the District based on the equalized tax rolls of the County.

Responsible Party is any person or persons who the HFPD may appoint from time to time to compute the levy of the special taxes within the District.


Tax Categories are those categories set forth in the body hereof.

Taxable Property is all real property within the boundaries of the District which is not exempt from the special tax pursuant to law, except that the following property shall not be taxed: any acres of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right-of-way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Roxanne F. Burbeck, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that Resolution No. HFPD94-10 was duly and regularly adopted by the Board of Directors of the Hesperia Fire Protection District of the City of Hesperia, California at a Regular Meeting thereof held on the 5th day of May, 1994 by the following vote, to wit:

AYES: Boardmembers Bakker, Honeycutt, May, Lampignano
NOES: None
ABSENT: Boardmember Shearer
ABSTAIN: None


Roxanne F. Burbeck
Assistant Secretary
(SEAL)

I, _____, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that the foregoing Resolution No. HFPD94-10 is a full, true and correct copy of that now on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia this _____ day of _____, 1994.

Secretary
(SEAL)

**CITY OF HESPERIA
MEMORANDUM**



DATE: July 7, 1994

TO: Chairman and Board of Directors

FROM: David Berger, City Manager *DB*

BY: Ross Chadwick, *RC* Fire Chief and Tom Harp, *TH* Building
Official

SUBJECT: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA
FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA,
DECLARING AND ESTABLISHING THE FORMATION OF A COMMUNITY
FACILITIES DISTRICT, AUTHORIZING LEVY OF SPECIAL TAXES
AND ESTABLISHING PROCEDURES AND CONDITIONS FOR CONDUCT
OF ELECTION

Recommendation:

Approve Resolution No. HFPD 94- 14, making certain preliminary findings, establishing Community Facilities District 94-1, submitting the question of levy of special taxes to the qualified voters and establishing procedures and conditions for conducting an election and accepting the engineer's report.

Background/Analysis:

In February, 1993, the Hesperia Fire Protection District Board of Directors approved Community Facilities District 93-1 (CFD 93-1). The District would have imposed an annual assessment of \$70 per single family residence and \$0.10 per square foot for commercial and industrial building space. The money funds staff and equipment needs for the Hesperia Fire Protection District. CFD 93-1 was to be the "core" district to which other properties would be annexed. These other properties were designated as the Future Annexation Area to this Community Facilities District.

Subsequent to the formation of this Community Facilities District, but prior to the election by the landowner within the CFD to authorize the levy of the special tax, the landowner experienced significant legal and financial problems resulting in a declaration of bankruptcy and creation of a cloud on the title of the property, which prohibited us from determining the rightful owner of the property for purposes of voting in the election. Consequently, the landowners did not vote to authorize the levy of the special taxes for that Community Facilities District.

CFD 94-1, ESTABLISHING 94-1
July 7, 1994
Page -2-

On May 5, 1994 the Board adopted Resolution No. HFPD 94-9 and No. HFPD 94-10 which declared the Board's intention to establish a community facilities district and to levy a special tax to pay for fire services and to annex territory in the future to a community facilities district. The Board also directed staff to prepare a report and calculate the cost of fire services for this area.

The enclosed resolution would establish a Community Facilities District, Community Facilities District No. 94-1, encompassing certain properties owned by Kaufman & Broad, identified as Tentative Tract TT-14372. This property will be established as Community Facilities District 94-1.

Specifically, the enclosed Resolution is the formal action making findings and denying protests, establishing the District and authorizing the levy of the special tax as well as sets forth certain procedural requirements relating to the election. Since Kaufman and Broad were originally told that the special tax would be \$70.00 per single family dwelling unit and \$.10 per square foot for commercial/industrial buildings, Fire District Staff feels that the original proposed fee of \$70.00 per house and \$.10 per square foot should remain the fee for this CFD. Moreover, Kaufman and Broad have already disclosed the \$70 to the new homeowners and K-Mart was notified of the original commercial rate of \$.10 per square foot. Staff does not feel it is appropriate to change these amounts.

Ultimately, CFD 94-1 would contain all of the properties originally intended to be included in CFD 93-1, including the Belgate Development Project. As a condition to development, the Planning Department at the request of the Fire Department would ask all future developers in the Future Annexation Area to annex into this proposed Community Facilities District.

Upon formation of CFD 94-1 and the approval by the landowners of the levy of the special tax, the Board of Directors of the Hesperia Fire Protection District will be asked to adopt a resolution abandoning the proceedings pertaining to Community Facilities District No. 93-1.

RC/TH/ct

RESOLUTION NO. HFPD94-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, CALIFORNIA, MAKING CERTAIN PRELIMINARY FINDINGS AND PASSING ON PROTESTS, DECLARING AND ESTABLISHING THE FORMATION OF A COMMUNITY FACILITIES DISTRICT, AUTHORIZING SUBMITTAL OF LEVY OF SPECIAL TAXES TO THE QUALIFIED ELECTORS AND ESTABLISHING PROCEDURES AND CONDITIONS FOR CONDUCTING SUCH AN ELECTION

WHEREAS, a public hearing has been held and concluded, and the BOARD OF DIRECTORS of the HESPERIA FIRE PROTECTION DISTRICT, CALIFORNIA, (hereinafter referred to as the "legislative body of the local Agency"), is desirous at this time to proceed with the establishment of a community facilities district, pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, said Community Facilities District shall hereinafter be referred to as COMMUNITY FACILITIES DISTRICT NO. 94-01 (hereinafter referred to as the "District"); and,

WHEREAS, all communications relating to the establishment of the District, the facilities and the tax rate have been presented, and it has further been determined that a majority protest as defined by law has not been received against these proceedings; and,

WHEREAS, the "Report" as now submitted further containing changes and modifications to the proceedings, as applicable, is hereby approved; and,

WHEREAS, inasmuch as there are less than twelve (12) registered voters residing within the territory of the District, and have been been for at least the preceding ninety (90) days, this legislative body is desirous to submit the levy of the required special tax to the landowners of the District, said landowners being the qualified electors as authorized by law.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

RECITALS

SECTION 1. That the above recitals are all true and correct.

PROTESTS

SECTION 2. That the written protests received, if any, do not represent a majority protest as defined by the applicable provisions of the "Community Facilities Act of 1982".

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FINAL REPORT

SECTION 3. The "Report", as now submitted, including change and modifications, if any and as applicable, shall stand as the "Report" for all future proceedings and all terms and contents are approved as set forth therein.

NAME OF DISTRICT

SECTION 4. That this legislative body does hereby determine to proceed with the formation and establishment of and does declare the formation of the District known and designated as "COMMUNITY FACILITIES DISTRICT NO. 94-01".

BOUNDARIES OF DISTRICT

SECTION 5. That the boundaries and parcels of land in which the public services are to be provided and on which special taxes will be levied in order to pay the costs and expenses for said public services are generally described as follows:

All property to be served by the proposed public services, as said property is shown on a boundary map as previously approved by this legislative body, said map designated by the name of this District, a copy of which is on file in the Office of the Secretary and shall remain open for public inspection. The bound map of the proposed District has been filed pursuant to Sections 311 and 3113 of the Streets and Highways Code of the State of California in the Office of the County Recorder of the County of San Bernardino, at Page _____ of Book _____ of the Book of Maps of Assessment and Community Facilities Districts for said County.

DESCRIPTION OF SERVICES

SECTION 6. A general description of the public services which this legislative body is authorized by law to provide, which are the services to provided under these proceedings, are generally described as follows:

Fire suppression services including but not limited to fire response services, emergency medical services, fire protection programs and services, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration, and all other services provided by the Hesperia Fire Protection District or other fire personnel as may be deemed necessary from time to time.

The services, as above described, are services as authorized by law and in addition to those provided in the territory of the District, and said services will not supplant or replace specific services already available within that territory.

SPECIAL TAX

SECTION 7. Except where funds are otherwise available, a special tax, secured by recordation of a continuing lien against all non-exempt real property in the proposed District, is hereby authorized, subject to voter approval, to be levied annually within the boundaries of said District. The proposed special tax to be levied within said District has not been precluded by majority protest pursuant to Section 53324 of the Government Code of the State of California. For particulars as to the rate and method of apportionment of the proposed special tax, reference is made to the attached and incorporated Exhibit "A", which sets forth in sufficient detail the method of apportionment to allow each landowner or resident within the proposed District to estimate the maximum annual amount that said person will have to pay for the services identified in Section 6 hereinabove.

This legislative body may, in its sole discretion, specify by resolution conditions under which the special tax obligation may be permanently satisfied and discharged.

SECTION 8. The special taxes herein authorized shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes; however, as applicable, this legislative body may establish and adopt an alternate or supplemental collection procedure as it deems necessary.

SECTION 9. Upon recordation of a Notice of Special Tax Lien pursuant to Section 3114.5 of the Streets and Highways Code of the State of California, a continuing lien to secure each levy of the special tax shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien cancelled in accordance with law or until collection of the tax by the legislative body ceases.

PREPARATION OF ANNUAL TAX ROLL

SECTION 10. The name, address and telephone number of the office, department or bureau which will be responsible for preparing annually a current roll of special tax levy obligations by Assessor's parcel number and which shall be responsible for estimating future special tax levies pursuant to Section 53340.1 of the Government Code of the State of California, are as follows:

FIRE CHIEF
HESPERIA FIRE PROTECTION DISTRICT
17288 OLIVE ST.
HESPERIA, CA 92345

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FINDING OF VALIDITY

SECTION 11. It is hereby further determined by this legislative body that all proceedings prior hereto were valid and taken in conformity with the requirements of the law, and specifically the provisions of the "Mello-Roos Community Facilities Act of 1982", and that this finding and determination is made pursuant to the provisions and authorization of Section 53325.1 of the Government Code of the State of California.

APPEALS AND INTERPRETATION PROCEDURE

SECTION 12. Any landowner or resident who feels that the amount or formula of the special tax is in error may file a notice with the District appealing the levy of the special tax. An appeals panel of 3 members, as appointed by the District, will then meet and promptly review the appeal, and if necessary, meet with the applicant. If the findings of the Appeals Board verify that the tax should be modified or changed, a recommendation at that time will be made to the District and, as appropriate, the special tax levy shall be corrected, and if applicable in any case, a refund shall be granted.

Interpretations may be made by the District by Resolution for purposes of clarifying any vagueness or ambiguity as it relates to any category, zone, rate or definition applicable to these proceedings.

ELECTION

SECTION 13. This legislative body herewith submits the levy of the special tax to the qualified electors of the District, said electors being the landowners of the proposed District, with each landowner having one (1) vote for each acre or portion thereof of land which he or she owns within the District.

The proposition relating to the levy of the special tax shall be submitted to the qualified voters at a special election to be held on the 26th day of July, 1994 and all ballots must be received by the Election Official (defined below) no later than 5:00 P.M. on such date. Said election shall be a special mailed ballot election to be conducted by the Secretary (hereinafter referred to as the "Election Official"). If the proposition for the levy of the special tax receives the approval of more than two-thirds (2/3) of the votes cast on the proposition, the special tax may be levied as provided for in this Resolution.

BALLOT

SECTION 14. That the ballot proposal to be submitted to the qualified voters at the election shall generally be as follows:

PROPOSITION _____

Shall Community Facilities District No. 94-01 of the Hesperia Fire Protection District be authorized to levy a special tax with a rate and method of apportionment as provided in Resolution No. _____ of the Hesperia Fire Protection District to finance fire suppression services as described in such resolution and establish an Article XIII B appropriations limit equal to the maximum special taxes which may be levied annually?

YES	
NO	

VOTE

SECTION 15. That the appropriate mark placed in the voting square after the word "YES" shall be counted in favor of the adoption of the proposition, and the appropriate mark placed in the voting square after the word "NO" in the manner as authorized, shall be counted against the adoption of said proposition.

ELECTION PROCEDURE

SECTION 16. The Election Official is hereby requested and authorized to take any and all steps necessary for the holding of said election. Said Election Official shall perform and render all services and proceedings incidental to and connected with the conduct of said election, and said services shall include, but not be limited to the following:

1. Prepare and furnish to the election officers necessary election supplies for the conduct of the election.
2. Cause to be printed the requisite number of official ballots, tally sheets and other necessary forms.
3. Furnish and address official ballots for the qualified electors of the Community Facilities District.
4. Cause the official ballots to be mailed and/or delivered, as required by law.
5. Receive the returns of the election and supplies.
6. Sort and assemble the election material and supplies in preparation for the canvassing of the returns.
7. Canvass the returns of the election.
8. Furnish a tabulation of the number of votes given in the election.

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9. Make all arrangements and take the necessary steps to pay all costs of the election incurred as a result of services performed by the District and pay costs and expenses of election officials.

10. Conduct and handle all other matters relating to the proceedings and conduct of the election in the manner and for as required by law.

SECTION 17. The Secretary shall, within three (3) days after the adoption of this Resolution establishing the District, transmit to the Election Official the following documents:

A. A certified copy of this Resolution upon its adoption;

B. A certified copy of the proposed boundary map showing the parcels and boundaries of the District;

C. As applicable, a sufficient description to determine the boundaries of the District;

D. Assessor's parcel numbers for all land within the District for all landowner elections.

PASSED, APPROVED AND ADOPTED ON July 7, 1994.

Michael J. Longino
Michael Longino, Chairman

ATTEST:

Marsha Whalen
Marsha Whalen, Secretary

HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 94-01

EXHIBIT "A"

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax shall be levied on each Parcel of land within Community Facilities District No. 94-01 of the Hesperia Fire Protection District (the "District"), and collected according to the Special Tax Liability determined by the Responsible Party of the Hesperia Fire Protection District (the "HFPD") through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to Parcels shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, the Board of Directors of HFPD, acting as the legislative body of the District, may establish and adopt an alternative or supplemental procedure as it deems necessary.

CATEGORIES OF SPECIAL TAX

RESIDENTIAL CATEGORY:

Residential Category includes each Taxable Property within the District that is zoned by the City of Hesperia (the "City") for use as a residential dwelling unit, and for which a building permit has been issued.

The maximum special tax that may be levied annually on Taxable Property within the Residential Category during the Fiscal Year beginning July 1, 1994 is \$70.00 per Parcel. Said maximum special tax shall increase each Fiscal Year thereafter by an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

NON-RESIDENTIAL CATEGORY:

The Non-residential Category includes each Taxable Property in the District which has been zoned by the City for non-residential uses, and for which a building permit has been issued.

The Non-residential Category special tax will be levied annually at a rate equal to \$0.10 per building square foot levied against each non-residential zoned Parcel during the Fiscal Year beginning July 1, 1994. Said maximum special tax shall increase each Fiscal Year thereafter by

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an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by U. S. Department of Labor, Bureau of Labor Statistics.

ASSIGNMENT TO CATEGORIES; LEVY

ANNUAL TAX CATEGORIES:

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the Responsible Party shall determine the Category representing each Parcel of land within the District. Parcels subject to levy shall be determined based upon the records of the San Bernardino County Assessor as of the March 1 preceding such July 1, and the Tax Category shall be determined based upon the status of the Parcel as of the May 1 preceding such July 1.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the HFPD in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of its counsel, any fees of the County related to the District or the collection of special taxes, an allocable share of salaries of the HFPD staff directly related thereto and a proportionate amount of HFPD general administrative overhead related thereto, any amounts paid by the HFPD from its general funds with respect to the District, and all other costs and expenses of the HFPD.

Building Square Foot is the square footage of a building for a Parcel, as shown on the building permit.

City means the City of Hesperia.

District means Community Facilities District No. 94-01 of the Hesperia Fire Protection District.

Fiscal Year means the period starting on July 1 and ending the following June 30.

HFPD means the Hesperia Fire Protection District.

Parcel means any San Bernardino County Assessor's Parcel or portion thereof that is within the boundaries of the District based on the equalized tax rolls of the County.

Responsible Party is any person or persons who the HFPD may appoint from time to time to compute the levy of the special taxes within the District.

Tax Categories are those categories set forth in the body hereof.

Taxable Property is all real property within the boundaries of the District which is not exempt from the special tax pursuant to law, except that the following property shall not be taxed: any acres of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right-of-way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

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**COMMUNITY FACILITIES DISTRICT
REPORT**

FOR THE

HESPERIA FIRE PROTECTION DISTRICT

**Hesperia Fire Protection District
Community Facilities District No. 94-01**

July 7, 1994

**Hesperia Fire Protection District
Community Facilities District No. 94-01**

REPORT

**MICHAEL LAMPIGNANO
Fire Board Chairman**

**M. VAL SHEARER
Fire Board Vice Chairman**

**PERCY BAKKER
Fire Board Member**

**THERON HONEYCUTT
Fire Board Member**

**ROBERT MAY
Fire Board Member**

David Berger, City Manager

James Markman, Legal Counsel

Ross Chadwick, Fire Chief

**BOND COUNSEL
BROWN, DIVEN & HENTSCHKE**

July 7, 1994

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**Hesperia Fire Protection District
Community Facilities District No. 94-01**

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Hesperia Fire Protection District Community Facilities District 94-01 Report

INTRODUCTION

The Hesperia Fire Protection District has initiated proceedings to form a Community Facilities District to initially include that property commonly known as the Kaufman Broad project for the purpose of providing fire suppression services and equipment needed to meet increased demand upon the City of Hesperia and the Hesperia Fire Protection District as a result of development within the boundaries of the proposed Community Facilities District (District).

The proposed District is located east of Interstate 15 and north of Sultana Street between Escondido Avenue and the California Aqueduct, more particularly described as all land within the boundary of Tract 14372, in the City of Hesperia, County of San Bernardino, State of California, as depicted on a reduced map of the boundaries thereof, Exhibit A, Boundary Map, included herein. The territory proposed to be subject to annexation to the District in the future is depicted on a reduced map of the boundaries of such territory, Exhibit A, Future Annexation Area, included herein.

The Hesperia Fire Protection Board of Directors adopted resolutions on May 5th, 1994, declaring its intention to form the District and to annex territory thereto in the future and ordered the preparation of a report describing the proposed services to be financed by the District if it is formed.

Hesperia Fire Protection District Resolution No. 94-9
"Intention to Establish CFD 94-01 and Order a Report"

Hesperia Fire Protection District Resolution No. 94-10
"Intention to Annex Territory in the Future to CFD 94-01"

The proceedings are being conducted in accordance with the provisions of the "Mello Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the Act). The report has been prepared by and under the direction of the Fire Chief and other such officers responsible for the providing of the services to be financed by the proposed District. The report has been prepared in accordance with Section 53321.5 of the Act and includes:

1. A description of the fire suppression and emergency medical services which are required to adequately meet the needs of the District.
2. An estimate of fair and reasonable cost of providing fire suppression and emergency medical services including the costs of the proposed District formation and all other related costs as provided in Section 53345.3 of the Act.

**Hesperia Fire Protection District
Community Facilities District No. 94-01 Report**

This report consists of four (4) parts:

- Part I** A description of the proposed District and the future annexation area and diagrams of the proposed boundaries of the District and the future annexation area.
- Part II** A description of the proposed services.
- Part III** A cost estimate of the proposed services.
- Part IV** A listing of the property owner(s) in the District.

A general description of the proposed services is:

All direct and incidental annual operating costs and expenses related to providing fire suppression and emergency medical services including but not limited to fire response services, emergency medical services, fire prevention programs and services, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration costs and expenses, and all other services provided by the Hesperia Fire Protection District or other fire personnel as may be deemed necessary from time to time, to service properties within the boundaries of the Community Facilities District and the future annexation area.

COST OF SERVICES

The estimate of the fair and reasonable cost of services including the cost of district formation and all other related costs as provided in Section 53345.3 of the Act are deemed to be not greater than \$1,028,500 per year.

It is my opinion that the services listed in this report are needed to meet the increased demands placed on the Hesperia Fire Protection District as a result of development in the proposed District and the future annexation area, and that the services to be financed are consistent with the provisions of the Act.

ROSS CHADWICK
Hesperia Fire Protection District
Fire Chief

PART I
DESCRIPTION OF DISTRICT AND FUTURE ANNEXATION AREA

The proposed District, Community Facilities District No. 94-01 of the Hesperia Fire Protection District, is generally located easterly of Escondido Avenue, and northerly of Sultana Street, being a portion of the Northeast quarter of Section 23 of Township 4 North, Range 5 West of the San Bernardino Base and Meridian; and Parcel 4 of Parcel Map 12867; more particularly described as follows and as shown in Exhibit A, Boundary Map, included herein:

Tentative Tract No. 14372

Total Tract 42.61 Acres

The future annexation area is generally located northerly of Mesquite Street from Los Banos east to Fuente Avenue and the California Aqueduct, northerly to Avenal Street, west to Cataba and south to Main, then west to Los Banos, south to Mesquite, then east to I-15, northeasterly along I-15 to Joshua and then generally easterly along Joshua and Cedar to the California Aqueduct, as shown in Exhibit A, Boundary Map, included herein.

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PART II
DESCRIPTION OF FACILITIES AND SERVICES

Section 53311.5 of the Act provides for alternate funding of certain services in developing areas. Since there are no other means of financing available to the Hesperia Fire Protection District, and since the services are required to meet additional demands on the Hesperia Fire Protection District as a result of the development occurring within the proposed District and future annexation area, the financing of the proposed services is in accordance with Section 53313.5 of the Act.

The proposed services include all direct and incidental annual operating costs and expenses related to providing the fire suppression and emergency medical services including but not limited to fire response services, emergency medical response services, fire prevention programs and services, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration costs and expenses, and all other services provided by the Hesperia Fire Protection District, City of Hesperia, County of San Bernardino, other Special Districts or other fire personnel as may be deemed necessary from time to time.

Direct and incidental annual operating costs and expenses related to the services described above shall include, but not be limited to:

1. All costs, expenses, salaries, employee benefits, pension and retirement plans, and other related costs not described herein which are incidental to providing fire suppression and emergency medical personnel;
2. All costs and expenses associated with fire suppression and emergency medical equipment acquisition, replacement, repair and maintenance, and other related costs not described herein;
3. All costs and expenses associated with fire suppression and emergency medical facility acquisition, replacement, repair and maintenance, and other related costs not described herein;
4. All facilities maintenance costs including but not limited to landscaping maintenance, repair and replacement, building maintenance and repair, grounds maintenance and repair and other related costs not described herein;
5. All costs and expenses related to acquisition, repair, replacement and maintenance of communication equipment and other emergency support equipment related thereto;
6. All administration costs, including but not limited to acquisition, repair, and replacement of office equipment and furniture, office supplies, and other general overhead expenses associated with the on-going operations incidental to providing fire suppression and emergency medical services.

Hesperia Fire Protection District
Community Facilities District No. 94-01 Report

7. Operating reserves and other types of funds or accounts where cash is held for future costs of operations;
8. All costs related to District formation and Administrative expenses.

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Hesperia Fire Protection District
Community Facilities District No. 94-01 Report

PART III
COST ESTIMATES

BSI Consultants determined that the fair and reasonable cost of proposed services in their CFD No. 93-01 Engineer's Report (February 18, 1993) was \$1,028,500. They used the following estimated costs for Operations and Maintenance:

1.	Personnel Costs	\$740,000
2.	Personnel Overhead	50,000
3.	Station Maintenance	118,500
4.	Contingency	100,000
5.	<u>Formation/Annual Administration Expenses</u>	<u>20,000</u>
	Estimated Annual Cost of Services	\$1,028,500

The Rate and Method of Apportionment in Exhibit B is based upon these original cost estimates.

PART IV
PROPERTY OWNERS WITHIN THE DISTRICT

Properties within the Kaufman and Broad subdivision known as:

TENTATIVE TRACT NO. 14372

Total of 42.61 Acres

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HFPD Community Facilities District 94-01 REPORT

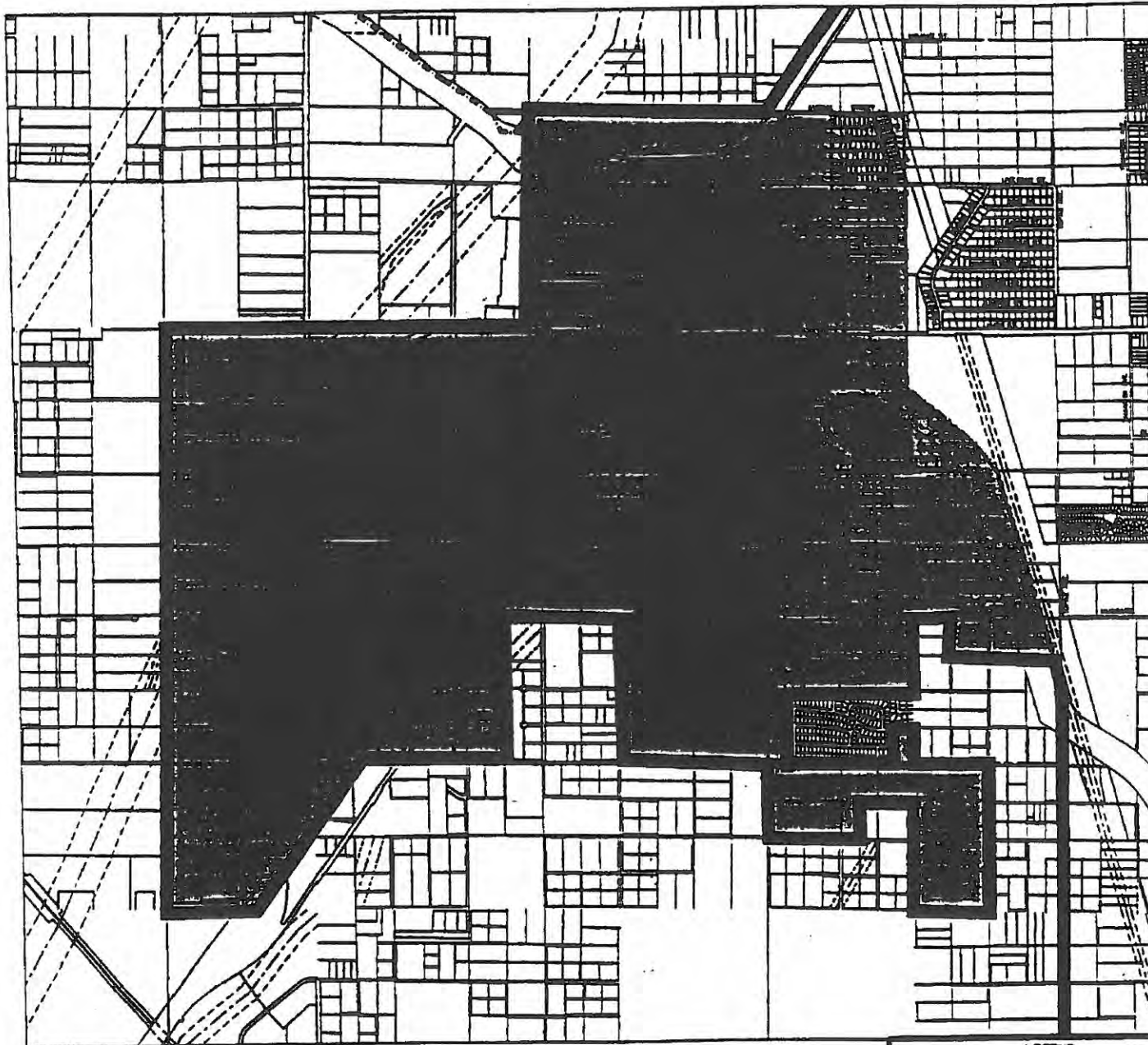
EXHIBIT A BOUNDARY MAP

BOUNDARY MAP
FUTURE ANNEXATION AREA

HESPERIA FIRE PROTECTION DISTRICT

COMMUNITY FACILITIES DISTRICT NO. 94-01
COUNTY OF SAN BERNARDINO, CALIFORNIA

MNA336



THE BOUNDARY OF THE FUTURE ANNEXATION AREA OF THE PROPOSED COMMUNITY FACILITIES DISTRICT,
FILED IN THE OFFICE OF THE SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT, THIS _____ DAY OF _____ 1994.

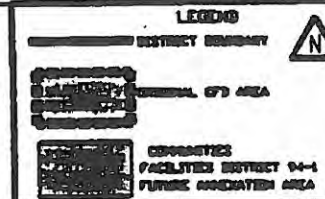
SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

I HEREBY CERTIFY THAT THE VERBON MAP SHOWING PROPOSED TERRITORIES OF THE FUTURE ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT, NO. 94-01 HESPERIA FIRE PROTECTION DISTRICT, COU
SAN BERNARDINO STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AT A REGULAR SCHEDULED MEETING THEREOF, HELD ON THE _____
DAY OF _____ 1994, BY ITS RESOLUTION M.F.P.A. NO. _____

SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

RECORDERS CERTIFICATE
FILED THIS _____ DAY OF _____ 1994, AT THE HOUR OF _____ P.M. IN THE _____ OF MAPS OF ANNEXATION AND COMMUNITY FACILITIES DISTRICTS, AT PAGE NO. _____
IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO STATE OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO



NOTE: IT IS INTENDED THAT ALL VACANT, UNDEVELOPED OR UNDERDEVELOPED
THE FUTURE ANNEXATION AREA WILL BE ANNEXED TO THIS COMMUNITY FACILITIES
UPON DEVELOPMENT.

HFPD Community Facilities District 94-01 REPORT

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

A special tax shall be levied on each Parcel of land within Community Facilities District No. 94-01 of the Hesperia Fire Protection District (the "District"), and collected according to the Special Tax Liability determined by the Responsible Party of the Hesperia Fire Protection District ("HFPD") through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below:

It is intended that all special taxes applicable to Parcels be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes.

CATEGORIES OF SPECIAL TAX

RESIDENTIAL CATEGORY:

Residential Category includes each Taxable Property within the District that is zoned by the City of Hesperia (the "City") for use as a residential dwelling unit, and for which a building permit has been issued.

The maximum special tax that may be levied annually on Taxable Property within the Residential Category during the Fiscal Year ending June 30, 1995 is \$70 per residential zoned Parcel in the District. This figure is based on the estimates done by BSI Consultants in their Engineer's Report (February 18, 1993) for CFD No. 93-01. Said maximum special tax shall increase each Fiscal Year thereafter by the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside Area as published by the U.S. Department of Labor, Bureau of Labor Statistics, compounded annually.

NON-RESIDENTIAL CATEGORY:

The Non-Residential Category includes each Taxable property within the District which has been zoned by the City for non-residential uses, and for which a building permit has been issued.

The maximum special tax that may be levied annually on Taxable Property within the Non-Residential Category during the Fiscal Year ending June 30, 1995 is \$0.10 per square foot of Building Area. This figure is based on the estimates done by BSI Consultants in their Engineer's Report (February 18, 1993) for CFD No. 93-01. Said maximum special tax shall increase each Fiscal Year thereafter by the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside Area as published by the U.S. Department of Labor, Bureau of Labor Statistics, compounded annually.

ASSIGNMENT TO CATEGORIES; LEVY

ANNUAL TAX CATEGORIES

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the Responsible Party shall determine the Category representing each Parcel of land within the District. Parcels subject to levy shall be determined based upon the records of the San Bernardino County Assessor as of the March 1 preceding such July 1, and the Tax Category shall be determined based upon the status of the Parcel as of the May 1 preceding such July 1.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the HFPD or City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of its counsel, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of the HFPD or City staff directly related thereto, any amounts paid by the HFPD or City from its general funds with respect to the District, and expenses incurred by the HFPD or City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the HFPD or City related to the District.

Building Floor Area means the area included within the surrounding exterior walls of a building, including each floor of multiple story buildings, exclusive of vent shafts and courts (defined here as open and unobstructed to the sky). The Building Floor Area will be determined by reference to City approved building plans or other such documentation as the City shall determine.

City means the City of Hesperia.

District means the Community Facilities District 94-01 of the Hesperia Fire Protection District.

Fiscal Year means the period starting on July 1 and ending the following June 30.

HFPD means the Hesperia Fire Protection District.

Parcel means any San Bernardino County Assessor's Parcel or portion thereof that is within the boundaries of the District based on the equalized tax rolls of the County.

Responsible Party is any person who the HFPD may appoint from time to time to compute the levy of the special taxes within the District.

Tax Categories are those categories set forth in the body hereof.

Taxable Property is all real property within the boundaries of the District which is not exempt from the special tax pursuant to law, except that the following property shall not be taxed: any acre of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right of way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)


I, Roxanne F. Burbeck, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that Resolution No. HFPD94-14 was duly and regularly adopted by the Board of Directors of the Hesperia Fire Protection District of the City of Hesperia, California at a Regular Meeting thereof held on the 7th day of July, 1994 by the following vote, to wit:

AYES: BOARDMEMBERS BAKKER, HONEYCUTT, MAY, SHEARER AND LAMPIGNANO

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE



Roxanne F. Burbeck
Assistant Secretary
(SEAL)

I, _____, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that the foregoing Resolution No. HFPD94-14 is a full, true and correct copy of that now on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia this _____ day of _____, 1994.

Secretary
(SEAL)

**CITY OF HESPERIA
MEMORANDUM**



August 18, 1994

TO: Honorable Chair and Board Members of the Hesperia Fire Protection District

FROM: David Berger, City Manager

BY: Ross Chadwick, Fire Chief
Tom Harp, Building Official

SUBJECT: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, AUTHORIZING THE ANNEXATION OF TERRITORY IN THE FUTURE TO AN EXISTING COMMUNITY FACILITIES DISTRICT (CFD 94-01)

RECOMMENDATION:

Approve Resolution No. HFPD 94-15, authorizing the annexation of territory in the future to Community Facilities District 94-01.

BACKGROUND:

On July 7, 1994, the Fire District Board adopted Resolution No. HFPD 94-14 which declared the formation of Community Facilities District (CFD) 94-01, authorized the levy of special taxes and established procedures and conditions for the conduct of an election.

The Board set the election for July 26, 1994, to decide the fate of CFD 94-01. At that time the election was held and the measure voted upon. The election received a favorable vote of more than the necessary two thirds vote of the qualified electors and was passed 43 to 1.

The special tax that will be levied annually on residential dwellings in CFD 94-01 is \$70.00 per parcel. The non-residential category special tax will be levied annually at a rate equal to \$0.10 per square foot per each non-residential zoned parcel in CFD 94-01. These special taxes shall increase each fiscal year based upon the increase in the Consumer Price Index (CPI).

CFD 94-01 Future Annexation Area Resolution

August 18, 1994

Page 2

CFD 94-01 encompasses certain properties owned by Kaufman and Broad, identified as Tentative Tract TT-14372. This property has become the "core" community facilities district for CFD 94-01 to which other specified properties may be annexed into in the future. The Board must now determine which territory will be in the future annexation area for CFD 94-01. All future property annexed into CFD 94-01 will be assessed the \$70.00 or \$0.10 per square foot.

On July 7, 1994, the Board also continued the public hearing to August 18, 1994, to determine what, if any, properties should be placed into a future annexation area for CFD 94-01. This proposed resolution authorizes annexation of certain territory in the future into CFD 94-01. This proposed resolution establishes the territory that will be required to annex into CFD 94-01. The Board has three options in considering this resolution:

1. Approve the future annexation area as originally proposed on July 7, 1994. Map "A" shows this future annexation area where new development will be required to join CFD 94-01. All the properties in this territory would be assessed at the same \$70.00 and \$0.10 per square foot rates upon development.
2. Approve the future annexation area with only those properties which have already been notified of the \$70.00 per residential property or \$0.10 per square foot for non-residential property. As a condition for development, the Planning Department has asked K-Mart, Ludwig Properties, H & P and High Country to annex into CFD 94-01. Map "B" shows only these properties as the future annexation area to CFD 94-01. These developments have agreed to join CFD 94-01. Other areas will be negotiated with to form CFD's at different rates than the \$70.00 and \$0.10.
3. Abandon the future annexation area and negotiate with future developers to form new CFD's at a different rate than the \$70.00 and \$0.10 or some other fire protection financing mechanism.

At this time, Staff recommends Option #2 as the future annexation area for CFD 94-01.

Staff was directed by the Fire District Board to determine the actual costs for providing fire department services to the community. As an assistance for the Board to choose an option, Staff has attached a report, "The Costs of Doing Business" for the Hesperia Fire Protection District. This report is part of the Fire Department's strategic planning process. It is still in the development stage and will be refined as a section of the Fire Department's Strategic Plan. However, this comprehensive report reviews all the costs of being a full service fire department. It also reviews what citizens pay for this service in all areas of the

District/City. The following summary from this report shows what the "average" tax payer pays for Hesperia Fire Department services and what the actual costs are to provide those Hesperia Fire Department services:

<i>HESPERIA FIRE DEPARTMENT Recovery of Annual Operating Costs</i>	
Current Cost to Average Tax Payer for Fire Department Services	\$167.42
Current Cost per Dwelling Unit to Provide Fire Department Services	\$245.67
<i>Summary from page 19 of "The Costs of Doing Business" for the Hesperia Fire Protection District</i>	

RESOLUTION NO. HFPD94-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
HESPERIA FIRE PROTECTION DISTRICT, CALIFORNIA,
AUTHORIZING THE ANNEXATION OF TERRITORY IN THE
FUTURE TO AN EXISTING COMMUNITY FACILITIES
DISTRICT

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WHEREAS, the BOARD OF DIRECTORS of the HESPERIA FIRE PROTECTION DISTRICT, CALIFORNIA, (hereinafter referred to as the "legislative body of the local Agency"), has declared its intention, conducted proceedings and held a public hearing relating to the authorization to annex territory in the future to an existing Community Facilities District pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, and specifically Article 3.5 thereof. The existing Community Facilities District has been designated as COMMUNITY FACILITIES DISTRICT NO. 94-01 (hereinafter referred to as the "District"); and,

WHEREAS, it has now been determined to be within the best public interest and convenience to establish a procedure to allow and provide for future annexations to the existing District and further the specify the amount of special taxes that would be levied and set forth the terms and conditions for certification of any annexation in the future; and,

WHEREAS, the area proposed to be annexed in the future shall be known and designated as COMMUNITY FACILITIES DISTRICT NO. 94-01 (FUTURE ANNEXATION AREA) (hereinafter referred to as the "Future Annexation Area"), and a map showing the territory of the proposed to be annexed in the future has been submitted, which said map is hereby approved and a copy of said map shall be kept on file with the transcript of these proceedings; and,

WHEREAS, it has now been further determined that written protests have not been received representing a majority protest against the future annexation proceedings.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

RECITALS

SECTION 1. That the above recitals are all true and correct.

ANNEXATION AUTHORITY

SECTION 2. That this legislative body does hereby provide for the annexation of territory in the future pursuant to the provisor and authorization of Section 53339.7 of the Government Code of the State of California.

PUBLIC CONVENIENCE AND NECESSITY

SECTION 3. That this legislative body hereby determines that the public convenience and necessity requires a procedure to allow and authorize territory to be annexed in the future to the existing Community Facilities District in order to pay the costs and expenses for the required and authorized public facilities.

BOUNDARIES

SECTION 4. A description of the boundaries and territory proposed to be annexed in the future is as follows:

All that property and territory proposed to be annexed in the future to the existing Community Facilities District, as said property is shown on a map as previously approved by this legislative body, said map identified by the name of the existing Community Facilities District and further designated as Future Annexation Area, a copy of which is on file in the Office of the Secretary and shall remain open for public inspection. Future annexation proceedings can only be completed with the unanimous of the owner or owners of any parcel proposed for final annexation.

NAME OF DISTRICT

SECTION 5. The name of the existing Community Facilities District is COMMUNITY FACILITIES DISTRICT NO. 94-01, and the designation for the Future Annexation Area shall be COMMUNITY FACILITIES DISTRICT NO. 94-01 (FUTURE ANNEXATION AREA).

SERVICES

SECTION 6. That the types of public services provided in the existing District are those described as follows:

Fire suppression services including but not limited to fire response services, emergency medical services, fire prevention programs and services, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration, and all other services provided by the Hesperia Fire Protection District or other fire personnel as may be deemed necessary from time to time.

SPECIAL TAXES

SECTION 7. It is the intention of this legislative body that, except where funds are otherwise available, a special tax sufficient to pay for said services to be provided in the Future Annexation Area, secured by recordation of a continuing lien against all non-exempt real property in the Future Annexation Area, will be levied annually within the boundaries of the Future Annexation Area. For particulars as to the rate and method of apportionment of the proposed special tax, reference is made to the attached and incorporated Exhibit "A",

which sets forth in sufficient detail the method of apportionment to allow each landowner or resident within the Future Annexation Area to clearly estimate the maximum amount that said person will have to pay on said special tax.

No prepayment will be authorized for special taxes to pay for services.

The proposed special taxes shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes; however, as applicable, this legislative body may establish and adopt an alternate or supplemental procedure as necessary.

ANNEXATION EFFECTIVE DATE

SECTION 8. Annexation of property in the future shall be effective upon the unanimous approval of the owner or owners of parcels at the time the parcel is annexed, and no further public hearings or additional proceedings will be required.

VALIDITY OF PROCEEDINGS

SECTION 9. It is hereby further determined by this legislative body that all annexation proceedings hereto were valid and in conformity with the requirements of law, and specifically the provisions of the "Mello-Roos Community Facilities Act of 1982".

NOTICE

SECTION 10. Immediately upon the completion of the annexation of any property to the existing and original Community Facilities District, a notice of annexation shall be recorded in the Office of the County Recorder as authorized by Section 53339.8 of the Government Code of the State of California.

PASSED, APPROVED AND ADOPTED ON August 18, 1994.


VICE CHAIRMAN

ATTEST:


Marsha Whalen, Secretary

HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 94-01
FUTURE ANNEXATION AREA

EXHIBIT "A"

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax shall be levied on each Parcel of land within Community Facilities District No. 94-01 of the Hesperia Fire Protection District (the "District") including the Future Annexation Area, and collected according to the Special Tax Liability determined by the Responsible Party of the Hesperia Fire Protection District (the "HFPD") through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to Parcels shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes; however, the Board of Directors of HFPD, acting as the legislative body of the District, may establish and adopt an alternative or supplemental procedure as it deems necessary.

CATEGORIES OF SPECIAL TAX

RESIDENTIAL CATEGORY:

Residential Category includes each Taxable Property within the District that is zoned by the City of Hesperia (the "City") for use as a residential dwelling unit, and for which a building permit has been issued.

The maximum special tax that may be levied annually on Taxable Property within the Residential Category during the Fiscal Year beginning July 1, 1994 is \$70.00 per Parcel. Said maximum special tax shall increase each Fiscal Year thereafter by an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

NON-RESIDENTIAL CATEGORY:

The Non-residential Category includes each Taxable Property in the District which has been zoned by the City for non-residential uses, and for which a building permit has been issued.

The Non-residential Category special tax will be levied annually at rate equal to \$0.10 per building square foot levied against each non-residential zoned Parcel during the Fiscal Year beginning July 1, 1994. Said maximum special tax shall increase each Fiscal Year thereafter by

an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

ASSIGNMENT TO CATEGORIES; LEVY

ANNUAL TAX CATEGORIES:

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the Responsible Party shall determine the Category representing each Parcel of land within the District. Parcels subject to levy shall be determined based upon the records of the San Bernardino County Assessor as of the March 1 preceding such July 1, and the Tax Category shall be determined based upon the status of the Parcel as of the May 1 preceding such July 1.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the HFPD in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of its counsel, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of the HFPD staff directly related thereto and a proportionate amount of HFPD general administrative overhead related thereto, any amounts paid by the HFPD from its general funds with respect to the District, and all other costs and expenses of the HFPD.

Building Square Foot is the square footage of a building for a Parcel, as shown on the building permit.

City means the City of Hesperia.

District means Community Facilities District No. 94-01 of the Hesperia Fire Protection District.

Fiscal Year means the period starting on July 1 and ending the following June 30.

HFPD means the Hesperia Fire Protection District.

Parcel means any San Bernardino County Assessor's Parcel or portion thereof that is within the boundaries of the District based on the equalized tax rolls of the County.

Responsible Party is any person or persons who the HFPD may appoint from time to time to compute the levy of the special taxes within the District.

Tax Categories are those categories set forth in the body hereof.

Taxable Property is all real property within the boundaries of the District which is not exempt from the special tax pursuant to law except that the following property shall not be taxed: any acres of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right-of-way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Roxanne F. Burbeck, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that Resolution No. HFPD94-15 was duly and regularly adopted by the Board of Directors of the Hesperia Fire Protection District of the City of Hesperia, California at a Regular Meeting thereof held on the 18th day of August, 1994 by the following vote, to wit:

AYES: BAKKER, HONEYCUTT, MAY, SHEARER
NOES: NONE
ABSENT: LAMPIGNANO
ABSTAIN: NONE

Roxanne F. Burbeck
Roxanne F. Burbeck
Assistant Secretary
(SEAL)

I, _____, Assistant Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that the foregoing Resolution No. HFPD94-15 is a full, true and correct copy of that now on file in this office.

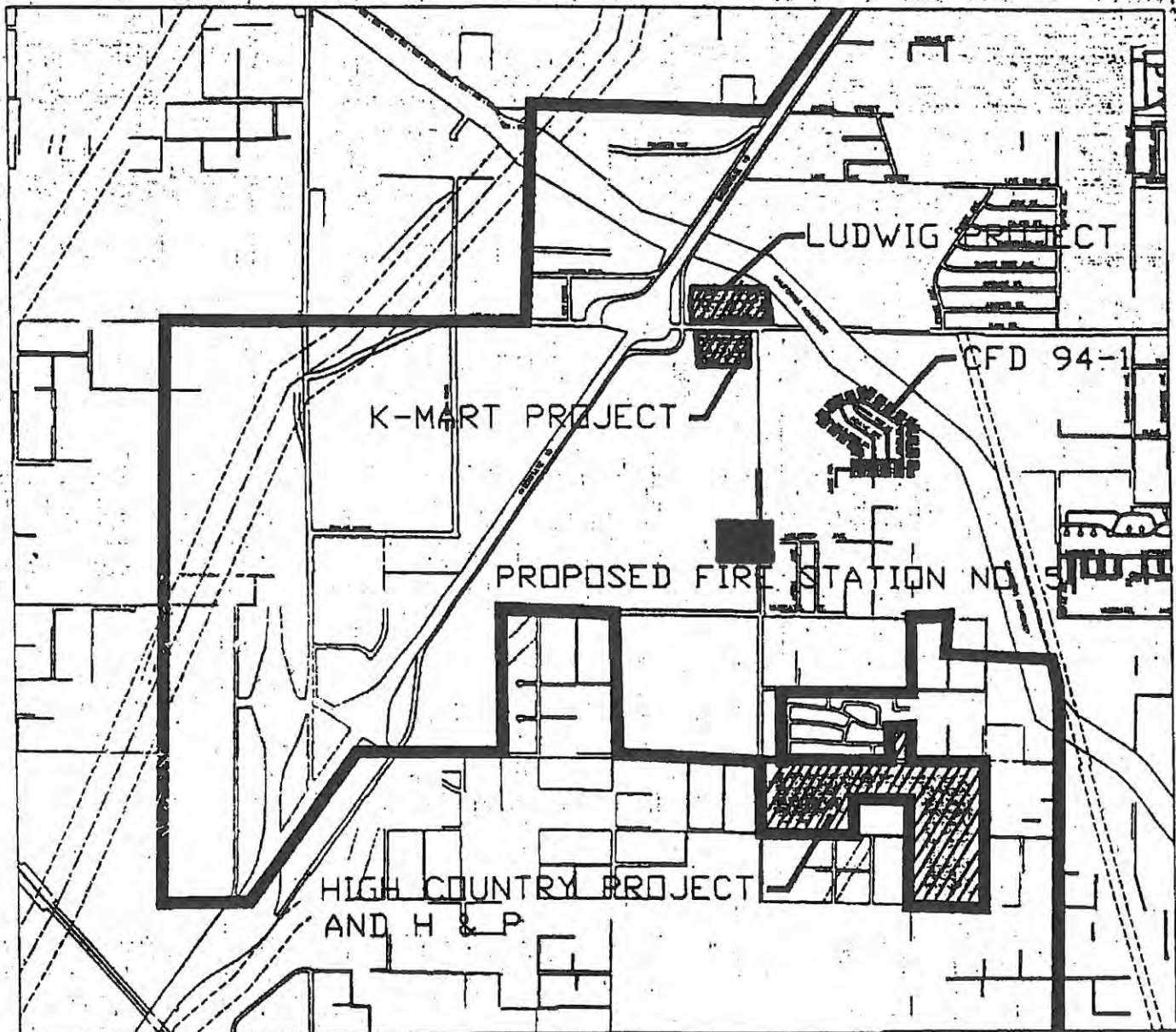
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia this _____ day of _____, 1994.

Secretary
(SEAL)

MNA336

HESPERIA FIRE PROTECTION DISTRICT

COMMUNITY FACILITIES DISTRICT NO. 94-01
COUNTY OF SAN BERNARDINO, CALIFORNIA



THE BOUNDARY OF THE FUTURE ANNEXATION AREA OF THE PROPOSED COMMUNITY FACILITIES DISTRICT.

FILED IN THE OFFICE OF THE SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT, THIS _____ DAY OF _____ 1994.

SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

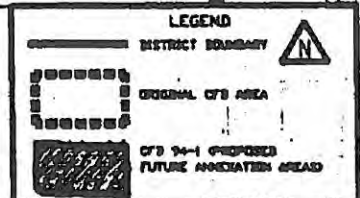
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF THE FUTURE ANNEXATION AREA OF COMMUNITY FACILITIES DISTRICT, NO. 94-01 HESPERIA FIRE PROTECTION DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AT A REGULAR SCHEDULED MEETING THEREOF, HELD ON THE _____ DAY OF _____ 1994 BY ITS RESOLUTION H.F.P.D. NO. _____

SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT

RECORDERS CERTIFICATE

FILED THIS _____ DAY OF _____ 1994, AT THE HOUR OF _____ P. M. IN BOOK _____ OF MAPS OF ASSIGNMENT AND COMMUNITY FACILITIES DISTRICTS, AT PAGE NO. _____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA.

COUNTY RECORDER OF THE COUNTY OF SAN BERNARDINO



NOTE: IT IS INTENDED THAT ALL VACANT, UNDEVELOPED OR UNDERDEVELOPED LANDS WITHIN THE FUTURE ANNEXATION AREA WILL BE ANNEXED TO THIS COMMUNITY FACILITIES DISTRICT, UPON DEVELOPMENT.

**CITY OF HESPERIA
MEMORANDUM**



DATE: August 18, 1994

TO: Chairman and Board of Directors

FROM: David Berger, City Manager *[Signature]*

BY: Ross Chadwick, Fire Chief and Tom Harp, Building Official

SUBJECT: A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, DECLARING THE RESULTS OF A "MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982" SPECIAL TAX ELECTION

Recommendation:

Approve Resolution No. HFPD 94-19, which declares the results of the July 26, 1994, "Mello-Roos Community Facilities Act of 1982" special tax election.

Background/Analysis:

On July 7, 1994 the Board adopted Resolution No. HFPD 94-14 which declared the formation of a community facilities district, authorized the levy of special taxes and established procedures and conditions for the conduct of an election.

The Board set the election for July 26, 1994 to decide the fate of Community Facilities District 94-1. At that time the said election was held and the measure voted upon and did receive the favorable 2/3's vote of the qualified electors. The results of the election were 43 votes for and 1 against.

The enclosed resolution would specifically declare the results of the "Mello-Roos Community Facilities Act of 1982" special tax election for Community Facilities District No. 94-1, encompassing certain properties owned by Kaufman & Broad, identified as Tentative Tract TT-14372.

CFD 94-1, ACCEPTING ELECTION RESULTS
August 18, 1994
Page -2-

The special tax that will be levied annually on Single Family Dwelling Units beginning July 1, 1994, is \$70.00 per Parcel. This special tax shall increase each Fiscal Year based upon the increase in the Consumer Price Index (CPI). The Non-residential Category special tax will be levied annually at a rate equal to \$0.10 per building square foot levied against each non-residential zoned Parcel during the Fiscal Year beginning July 1, 1994. This special tax shall increase each Fiscal Year based upon the increase in the Consumer Price Index (CPI).

RC/TH/ct

RESOLUTION NO. HFPD94- 19

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA
FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA,
DECLARING THE RESULTS OF A "MELLO-ROOS COMMUNITY
FACILITIES ACT OF 1982" SPECIAL TAX ELECTION

WHEREAS, the BOARD OF DIRECTORS of the HESPERIA FIRE PROTECTION DISTRICT, CALIFORNIA, (hereinafter referred to as the "legislative body of the local Agency"), has previously declared its intention and held and conducted proceedings relating to the levy of special taxes in a community facilities district, as authorized pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"), said Community Facilities District designated as COMMUNITY FACILITIES DISTRICT NO. 94-01 (hereinafter referred to as the "District"); and,

WHEREAS, said legislative body did call for and order to be held an election to submit to the qualified electors of the District a proposition relating to the levy of special taxes in the District and the establishment of an appropriations limit for the District; and,

WHEREAS, at this time said election has been held and the measure voted upon and did receive the favorable 2/3's vote of the qualified electors, and this legislative body does desire to declare the favorable results of the election in accordance with the provisions of the Elections Code of the State of California.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That the above recitals are all true and correct.

SECTION 2. That this legislative body hereby receives and approves the CERTIFICATE OF ELECTION OFFICIAL AND STATEMENT OF VOTES CAST, as submitted by the Election Official, said Statement setting forth the number of votes cast in the election, the measure voted upon, and the number of votes given for and/or against the measure voted upon. A copy of said Certificate and Statement is attached hereto, marked Exhibit "A", referenced and so incorporated.

SECTION 3. That the Secretary is hereby directed, pursuant to the provisions of the Elections Code of the State of California, to enter in the minutes the results of the election as set forth in said STATEMENT OF VOTES CAST.

CFD 94-1, ACCEPTING ELECTION RESULTS
August 18, 1994
Page -2-

The special tax that will be levied annually on Single Family Dwelling Units beginning July 1, 1994, is \$70.00 per Parcel. This special tax shall increase each Fiscal Year based upon the increase in the Consumer Price Index (CPI). The Non-residential Category special tax will be levied annually at a rate equal to \$0.10 per building square foot levied against each non-residential zoned Parcel during the Fiscal Year beginning July 1, 1994. This special tax shall increase each Fiscal Year based upon the increase in the Consumer Price Index (CPI).

RC/TH/ct

MNA336

PASSED, APPROVED AND ADOPTED ON August 18, 1994.

M. Val Shaban
VICE CHAIRMAN

ATTEST:

Marsha Whalen
Marsha Whalen, Secretary

CERTIFICATE OF ELECTION OFFICIAL
AND STATEMENT OF VOTES CAST

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

I, MARSHA WHALEN, ELECTION OFFICIAL OF THE HESPERIA FIRE PROTECTION DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DO HEREBY CERTIFY that pursuant to the provisions of Section 53326 of the Government Code and Division 12, commencing with Section 17000 of the Elections Code of the State of California, I did canvass the returns of the votes cast at the

HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 94-01
SPECIAL MAILED BALLOT ELECTION

in said District, held July 26, 1994.

I FURTHER CERTIFY that this Statement of Votes Cast shows the whole number of votes cast in said District in said Fire Protection District, and the whole number of votes cast for the Measure in said District in said Fire Protection District, and the totals of the respective columns and the totals as shown for the Measure are full, true and correct.

I.	TOTAL NUMBER OF VOTES CAST:	44
II.	TOTAL NUMBER OF VOTES FOR AND AGAINST PROPOSITION A:	
		FOR 43
		AGAINST 1

WITNESS my hand and Official Seal this 12th day of August 1994.





ELECTION OFFICIAL
HESPERIA FIRE PROTECTION DISTRICT
STATE OF CALIFORNIA


EXHIBIT "A"

MNA336

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Marsha Whalen, Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that Resolution No. HFPD94-19 was duly and regularly adopted by the Board of Directors of the Hesperia Fire Protection District of the City of Hesperia, California at a Regular Meeting thereof held on the 18th day of August, 1994 by the following vote, to wit:

AYES: BAKKER, HONEYCUTT, MAY, SHEARER
NOES: NONE
ABSENT: LAMPIGNANO
ABSTAIN: NONE



Marsha Whalen
Secretary
(SEAL)

I, _____, Secretary of the Hesperia Fire Protection District of the City of Hesperia, California, do hereby certify that the foregoing Resolution No. HFPD94-19 is a full, true and correct copy of that now on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia this _____ day of _____, 1994.

Secretary
(SEAL)

CITY OF HESPERIA STAFF REPORT



DATE: February 16, 2005
TO: Mayor and City Council
FROM: Robb Quincey, City Manager *R. Quincey*
BY: Steven Lantsberger, CED; Economic Development Director
Ursula Hyman, Latham & Watkins LLP
Kim Byrens, Best Best & Krieger LLP
SUBJECT: Belgate (CFD 91-3) Development Restructuring –
Formation of New Community Facilities District No. 2005-1

RECOMMENDED ACTION

It is recommended that the City Council take action to initiate proceedings to form a new Community Facilities District No. 2005-1, as the next step in the restructuring of defaulted bonds of Community Facilities District No. 91-3 (Belgate Development Project) (the "CFD").

It is further recommended that the City Council adopt Resolution No. 2005-032 declaring its intention to establish a proposed City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) ("CFD No. 2005-1"), and adopt Resolution No. 2005-033 declaring a necessity for proposed City of Hesperia CFD No. 2005-1 to incur bonded indebtedness.

GOALS STATEMENT

This item meets the City's goal of pursuing the workout structure, which includes repaying the defaulted bonds of the CFD for the purpose of creating an environment for controlled and acceptable development of the property with the CFD's geographic boundaries.

BACKGROUND

Communities Facilities District No. 91-3 was formed and issued bonds in 1992 (the "1992 Bonds"). The original principal amount of the 1992 Bonds was \$10,000,000, of which approximately \$9,860,000 remain outstanding. The 1992 Bonds are secured by the payment of Special Taxes levied on the real property within the CFD. The 1992 Bonds have been in default because none of the properties were developed as expected and all properties failed to pay the Special Taxes. The City has long struggled with the need to resolve this default in a manner which promotes the development of land within the CFD. The following are highlights of the significant milestones of the workout of the CFD:

- In 2002, the City circulated a request for proposals, seeking developers of real property to assist the City with the restructuring of the 1992 Bonds and development of the Belgate Development Project.

- Hesperia-ET Ventures, LLC (the "Developer"), was the successful respondent.
- On August 10, 2003, the City, the CFD, and the Developer, entered into a Workout Agreement. The Workout Agreement provides for the terms of acquiring the delinquent property by the City and the transfer of title to the Developer, and the general terms of new bonds to be issued in order to defease and redeem the 1992 Bonds.
- On April 14, 2004, the CFD successfully foreclosed on four (4) parcels of land comprising the CFD. Additionally, on April 21, 2004, the City approved an Agreement with the County of San Bernardino (which was approved by the County on April 27, 2004) whereby the amount of \$3,332,358 in delinquent *ad valorem* property taxes, penalties and interest was waived. Upon payment of the non-waived taxes and assessments in the amount of \$1,174,116, and satisfaction of certain other conditions, title to the property was transferred to the Developer on May 4, 2004. This amount was paid to the City by the Developer and was on deposit with the City and paid to the County on May 4, 2004.

ISSUES/ANALYSIS

At this time, the City and the Developer, would like to restructure the 1992 Bonds. Delinquent payments of principal and interest continue to accrue on the 1992 Bonds which causes the amount to defease and redeem the 1992 Bonds to exceed \$18 million. The existing special tax formula of the CFD does not reflect the current plan for land development within the CFD and would not support the current refinancing structure. Therefore, to extend the maturity of the 1992 Bonds the City must form a new CFD for the purpose of refunding the 1992 Bonds. In addition, new homes built within the Belgate Development would generate a need for additional police protection and fire protection and suppression services in order to ensure the safety of residents within such development. Currently, the City's budget would not be able to adequately provide for such additional services. In order to extend the time period for repayment of the initial debt incurred by the CFD and provide adequate police and fire safety for the residents of the Belgate Development, the City must form a new Community Facilities District for the purpose of refunding the 1992 Bonds.

At the February 16, 2005 meeting, the City Council will be presented with three items:

1. Petition of Landowner to Form a Community Facilities District;
2. Resolution of Intention to Form a Community Facilities District; and
3. Resolution Declaring Necessity to Incur Bonded Indebtedness.

The Petition is from the landowner and evidences its desire to have the real property subject to the special taxes for the purpose of restructuring the 1992 Bonds.

The Resolution of Intention and the Resolution of Necessity describe the area to included within the proposed CFD No. 2005-1. The Resolutions also establish a rate and method of apportionment of special taxes ("RMA") to be levied on taxable property within the proposed CFD No. 2005-1. Each resolution calls for a public hearing to be held at a special meeting of the Council on March 23, 2005, regarding the formation of the proposed CFD No. 2005-1. The

resolutions also authorize the issuance of bonds in a principal amount not exceeding \$25 million to be approved by the qualified electors within the proposed community facilities district (in this case, the landowners) at an election to be held on March 23, 2005.

FUTURE ACTION

On March 23, 2005, the Council will conduct a noticed public hearing, adopt a resolution establishing the CFD No. 2005-1, call a consolidated special election of the landowners within the proposed community facilities district, conduct the special election, declare the results of the special election, and adopt the ordinance levying the special taxes. If these actions are successfully concluded, CFD No. 2005-1 will be formed and may act subsequently to issue the bonds to restructure the 1992 Bonds.

PROPOSED RESTRUCTURING OF 1992 BONDS

New bonds issued by CFD No. 2005-1 will be in a par amount sufficient to pay and redeem all accrued and unpaid interest on the 1992 Bonds to the closing date and all principal and accrued interest to their first date set for redemption. The proposed Bonds will also fund a reasonably required reserve fund and pay for costs of issuance. It is currently proposed that the Final Maturity for the CFD No. 2005-1 Bonds be September 1, 2035/36.

The bonds will be issued initially as capital appreciation bonds and will convert to current interest bonds on September 1, 2006 or such other date as mutually agreed upon by the Developer and the City (the "Conversion Date"). Generally, current interest bonds are bonds that pay accrued interest semi-annually and pay principal annually. Capital appreciation bonds do not pay principal or interest on a current basis during their term. Rather, they are issued at an initial value and "accrete" in value until maturity at which time they are paid in full. In the case of the bonds to be issued by CFD No. 2005-1, bonds will be issued at an initial value and increase, or accrete, in value until the Conversion Date, at which time the bonds, by their terms, will automatically bear interest on a current basis and pay interest semi-annually. The purpose for structuring the bonds in this manner is to allow development in the CFD No. 2005-1 to occur without burdening undeveloped property with the payment of special taxes.

Although there are no absolute guarantees that development will occur, the current efforts by the Developer to entitle the project, and the refunding structure recommended herein by the City's Special Counsel provides a better than reasonable assurance that the proposed CFD No. 2005-1 will not suffer the same fate of its predecessor. Additionally, a letter of credit (acceptable to the City in its sole discretion and subject to any underwriting concerns at the time bonds are sold) securing two years' of special taxes to be levied will be provided and delivered by the Developer at the time of issuance of the CFD No. 2005-1 Bonds.

At the time the CFD No. 2005-1 Bonds are issued the City will enter into a Bond Purchase Agreement with the Hesperia Public Financing Authority ("HPFA"). The HPFA will then issue its Local Agency Revenue Bonds secured by the underlying CFD No. 2005-1 Bonds, with terms as follows:

- 1) Final Maturity September 2, 2035/36,
- 2) Authorized Denominations of \$100,000,

3) Two (2), three (3), or four (4) tranches with descending liens on the revenues paid by the bonds of CFD No. 2005-1,

4) Land value and status of development will allow tranches to increase in lien priority and decrease the dollar value of bond denominations to \$5,000 (i.e. requirements would be 4:1 value to lien with developed property paying special taxes equal of or minimum of 110% of the debt service relating to the subject tranches that will have the senior lien),

5) Default on subordinate tranches will not cause a default on the senior tranches, however, the enforcement of the remedies may not adversely affect the payment of revenues on the senior tranches,

6) Transfer restrictions on bonds for those tranches in denominations of \$100,000.

The City Council and staff have spent a considerable amount of time trying to solve the problems caused by the defaulted 1992 Bonds. At this time, the City is presented with a structure whereby the owners of the 1992 Bonds will be made whole and the orderly development of property within the Community Facilities District may proceed. Additionally, the new bonds are structured so that only the developer or qualified investors will own the new bonds until development of the property is sufficient to permit the new bonds to be issued in smaller denominations and sold to the investing public.

The attached CFD formation documents were developed in tandem by the City's Special Counsel (Latham & Watkins LLP) and refunding team Bond Counsel (Best Best & Krieger LLP). The documents have been reviewed by the City Attorney. All parties involved support the proposed action.

FISCAL IMPACT

The proposed restructuring of the 1992 Bonds and formation of the proposed CFD No. 2005-1 will not result in financial outlays on the part of the City. The Developer, through the Workout Agreement has, or will deposit adequate financial resources to underwrite the costs of forming the new CFD and restructuring of the 1992 Bonds.

Any downside to the City of Hesperia is limited. The CFD No. 2005-1 will pay for future administrative costs so long as the special taxes are paid. There is always a risk of a downturn in the housing market and the potential that development will not occur as expected resulting in landowners failing to pay special taxes. However, in the current workout scenario, the City is limiting the universe of people eligible to own the bonds, such that there are a small number of bond owners to manage. Furthermore there are both a fully funded cash reserve fund and a letter of credit to secure the payment of special taxes on undeveloped land.

The issuance of bonds by CFD 2005-1 does not constitute a pledge of the City of Hesperia's general funds and accounts or its taxing power, other than the obligation of the City to levy and collect the special taxes. The obligations of the CFD No. 2005-1 are a special limited obligation of the City payable solely from the special taxes.

An added financial benefit accrues to the City in the form of an annual stipend for public safety (police/fire services). Each developed property will generate \$492.89 annually which will be allocated to provide: Police Services - \$251.66, and Fire Services: \$241.23. Assuming all

1,039 lots are developed, the City would receive \$512,112.71 annually. The RMA also calls for annual increases in the "Police and Fire Services Costs" based upon changes in the annual Consumer Price Index (CPI). The Developer expects full build-out and absorption of the 1,039 dwelling units to occur by 2008. To provide for immediate increase in police and fire protection services during construction and build-out the Developer agreed to provide \$1,100,000 payable in two installments. The first installment of \$550,000 has been received by the City.

ALTERNATIVE(S)

1. Decline participation in refunding and CFD No. 2005-1 efforts.
2. Provide alternative direction to staff.

ATTACHMENT(S)

1. Resolution No. 2005-032
2. Resolution No. 2005-033

RESOLUTION NO. 2005-032

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HESPERIA
DECLARING INTENTION TO ESTABLISH PROPOSED CITY OF HESPERIA
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (BELGATE DEVELOPMENT
RESTRUCTURING)**

WHEREAS, the City of Hesperia (the "City") has previously formed its Community Facilities District No. 91-3 (Belgate Development) ("CFD No. 91-3") and, in connection therewith, has issued its Special Tax Bonds 1992 Series A in the original principal amount of \$10,000,000 (the "1992 Bonds") which are secured by special taxes levied by the City on property within the boundaries of CFD No. 91-3, and because of the delinquent payment of the special taxes levied in CFD No. 91-3, CFD No. 91-3 is currently in default in the payment of the principal and interest on the 1992 Bonds; and

WHEREAS, the City Council of the City of Hesperia (the "City Council") has received a written petition signed by the owner of more than 10% real property within the City of Hesperia requesting that the City Council institute proceedings for the establishment of a community facilities district, pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982," for the purposes of (a) refinancing by legally defeasing and redeeming all outstanding 1992 Bonds which were issued to finance construction of certain public facilities in CFD No. 91-3, bringing all delinquent payments on the 1992 Bonds current, and to cause the special taxes with respect to CFD No. 91-3 levied on taxable real property within the proposed community facilities district to be deemed paid and satisfied, (b) financing the costs of additional police protection and fire protection and suppression services generated by new development within the proposed community facilities district, and (c) paying the incidental expenses associated with the creation of the proposed community facilities district, issuance of bonds thereof, fund a reserve fund for the bonds, the payment of costs of issuance of the bonds, the determination of the amount and collection of the special taxes, and the payment of special taxes, and costs otherwise incurred in order to carry out the authorized purposes of the proposed community facilities district; and

WHEREAS, Hesperia-ET Ventures, LLC., a California Limited Liability Company, is the owner of more than 10% of the land within the proposed community facilities district; and

WHEREAS, pursuant to Section 53320 of the California Government Code, having received such petition, it is appropriate for the City Council to institute proceedings for the establishment of the proposed community facilities district by the adoption of a resolution of intention pursuant to Section 53321 of said Code.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY OF HESPERIA AS FOLLOWS:

Section 1. Proposed Community Facilities District. A community facilities district is proposed to be established under the provisions of Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982." The name proposed for the community facilities district is "City of Hesperia Community Facilities District No. 2005-1, (Belgate Development Restructuring)."

Section 2. Description and Map of Boundaries. The boundaries of the proposed community facilities district are described and shown on the map entitled "Boundaries of City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring)" which is on file with the City Clerk and are the same boundaries as those of CFD No. 91-3. Said map is approved and, pursuant to Section 3110 of the California Streets and Highways Code, the City Clerk shall, after conforming with the other requirements of Section 3111 of said Code, record the original of said map in her office, and not later than 15 days prior to the date of the public hearing set forth in Section 9 hereof shall file a copy of said map with the County Recorder of the County of San Bernardino.

Section 3. Types of Facilities; Incidental Expenses.

(a) The types of public facilities proposed to be provided for and financed by the proposed community facilities district are:

(i) The cost to legally defease and redeem the 1992 Bonds, and the costs to bring all payments of principal and interest on the 1992 Bonds current;

(ii) To cause the special taxes levied with respect to CFD No. 91-3 on taxable real property now in CFD No. 91-3 and to be in the proposed community facilities district to be deemed paid in full and satisfied; and

(iii) Pay the cost of additional police protection and fire protection and suppression services.

(b) The incidental expenses which will be incurred are all costs associated with the creation of the proposed community facilities district, issuance of the bonds thereof, the funding of a reserve fund, the determination of the amount of and collection of taxes, and the payment of taxes, and costs otherwise incurred in order to carry out the authorized purposes of the community facilities district.

Section 4. Special Taxes. Except where funds are otherwise available, special taxes sufficient to pay costs for additional police and fire protection and fire suppression services, and to pay the principal of and interest on the bonds of the proposed community facilities district, maintain a reserve fund, and the annual administrative expenses of the City and the proposed community facilities district in determining, apportioning, levying and collecting such special taxes, the fees and costs of foreclosure, and in paying the principal of and interest on such bonds and the costs of registering, exchanging and transferring such bonds, secured by the recordation of a continuing lien against all taxable or nonexempt property in the proposed community facilities district, shall be annually levied within the proposed community facilities district.

The rate and method of apportionment of special taxes to be levied on parcels of taxable property to pay the principal of and interest of the bonds of the proposed community facilities district which may be issued and sold to finance the refunding of the 1992 Bonds of CFD No. 91-3 and to pay costs of additional police and fire protection and fire suppression services, and to pay for the other purposes set forth in the preceding paragraph shall be as set forth in Exhibit "A" attached hereto and by this reference made a part hereof.

The maximum amounts of special taxes which may be levied in any year on parcels within the proposed community facilities district which are used for private residential purposes ("Residential Parcels") are specified in dollar amounts in Exhibit "A" hereto. Special taxes shall not be levied on any Residential Parcels to pay the principal of and interest on the outstanding bonds of the community facilities district after the tax or fiscal year beginning on July 1, 2040 and ending on June 30, 2041, and that fiscal year shall be the last tax year in which special taxes shall be levied on Residential Parcels for such purpose, provided, however, that special taxes for the payment of police and fire protection and fire suppression services ("Authorized Services," as defined in the Rate and Method of Apportionment) may be levied so long as the City Council determines that it is necessary. Under no circumstance shall the special taxes levied on any Residential Parcel be increased as a consequence of delinquency or default by the owner of any other parcel or parcels within the proposed community facilities district by more than 10 percent.

The conditions under which the obligation to pay the special taxes may be prepaid and permanently satisfied are as set forth in Exhibit "A" hereto.

Pursuant to Section 53340 of the California Government Code, said special taxes shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes. Notwithstanding the foregoing, the City Council may determine from time to time to provide for alternative means of billing and collecting such special taxes.

Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the special taxes shall attach to all non-exempt real property in the proposed community facilities district and that lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the special taxes ceases.

Section 5. Exempt Properties. Pursuant to Section 53340 of the California Government Code, and except as provided in Section 53317.3 of said Code, properties of entities of the state, federal, and local governments shall be exempt from the levy of special taxes for the payment of the principal of and interest on the bonds of the proposed community facilities district.

Section 6. Annexation of Territory. Other property within the boundaries of the City may be annexed into the proposed community facilities district upon the condition that parcels within that territory may be annexed only with the unanimous approval of the owner or owners of each parcel or parcels prior to the time that such parcel or those parcels are annexed.

Section 7. Necessity. The City Council finds that the proposed items to be financed as described in Section 3 hereof are necessary to cure the default of the 1992 Bonds and to cause new development within the boundaries of the proposed community facilities district.

Section 8. Repayment of Funds Advanced or Work-in-Kind. Pursuant to Section 53314.9 of the California Government Code, the City Council proposes to accept advances of funds or work-in-kind from private persons or private entities and to provide, by resolution, for the use of those funds or that work-in-kind for any authorized purpose, including

but not limited to, paying any costs incurred by the City in creating the proposed community facilities district, and had entered into an agreement, by resolution, with the person or entity advancing the funds or work-in-kind to repay funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council.

Section 9. Prohibition of Owner Contracts. Pursuant to Section 53329.5 of the California Government Code, the City Council finds that the public interest will not be served by allowing the owners of property within the proposed community facilities district to enter into a contract in accordance with subdivision (a) of that section, and that such owners shall not be permitted to elect to perform the work and enter into a written contract with the City for the construction for the public facilities pursuant to said Section 53329.5.

Section 10. Hearing. A public hearing on the establishment of the proposed community facilities district shall be held at _____, on March 23, 2005 in the City Council Chambers located at 15776 Main Street, Hesperia, California 92345.

Section 11. Notice. The City Clerk shall publish a notice of the time and place of said hearing as required by Section 53322 of the California Government Code, and shall also give notice of the time and place of said hearing by first-class mail to each registered voter and to each landowner within the proposed community facilities district as prescribed by Section 53322.4 of said Code. Said notice shall be published at least seven (7) days and mailed at least 15 days before the date of the hearing, and shall contain the information required by said Section 53322.

Section 12. Reports. The officers of the City who will be responsible for providing the proposed refinancing of the 1992 Bonds and other amounts to be paid with special taxes by the proposed community facilities district, if it is established, shall study the proposed district, and, at or before the time of said hearing, file a report or reports with the City Council containing a brief description of the actions to be taken by the proposed community facilities district and the estimated costs therefor. All such reports shall be made a part of the record of the hearing to be held pursuant to Section 10 hereof.

Section 13. Description of Voting Procedures. The voting procedures to be followed in conducting the consolidated special elections on (i) the proposition of the proposed community facilities district incurring a bonded indebtedness in an original aggregate principal amount not to exceed \$25,000,000, (ii) the proposition with respect to the levy of special taxes on the land within the community facilities district to pay the principal of and interest on the bonds thereof and to pay for additional police and fire protection and fee suppression services, and (iii) the proposition with respect to the establishment of an appropriations limit for the community facilities district in the amount of \$25,000,000, if the community facilities district is established and such consolidated special elections (the "consolidated special elections") are held, shall be as follows:

(a) If at least 12 persons have been registered to vote within the territory of the proposed community facilities district for each of the 90 days preceding the close of the public or protest hearing (the "protest hearing"), the vote in the consolidated special elections shall be by the registered voters of the community facilities district with each voter having one vote. In that event, the consolidated special elections shall be conducted by the Registrar of Voters of the County of San Bernardino and shall be held on a date selected by the City Council in conformance with the provisions of Section 53326 of the California Government

Code and pursuant to the provisions of the California Elections Code governing elections of cities, insofar as they may be applicable, and pursuant to said Section 53326 the ballots for the consolidated special elections shall be distributed to the qualified electors of the community facilities district by mail with return postage prepaid, and the consolidated special elections shall be conducted as a mail ballot election.

(b) If at the time of the close of the protest hearing, and for at least the preceding 90 days, less than 12 persons have been registered to vote within the territory of the community facilities district, and pursuant to Section 53326 of the California Government Code, the vote is therefore to be by the landowners of the community facilities district, with each landowner of record at the close of the protest hearing having one vote for each acre or portion of an acre of land that he or she owns within the community facilities district, the consolidated special elections shall be conducted by the City Clerk (the "City Clerk") as follows:

(i) The consolidated special elections shall be held on the earliest date, following the adoption by the City Council of the resolution determining the necessity for the community facilities district to incur a bonded indebtedness pursuant to Section 53351 of the California Government Code, the resolution of formation establishing the community facilities district pursuant to Section 53325.1 of said Code, and a resolution pursuant to Section 53326 of said Code submitting the propositions with respect to (A) the levy of special taxes to pay the principal of and interest on the bonds of the community facilities district and to pay for additional police and fire protection and fire suppression services and (B) the establishing of an appropriations limit therefor and (C) the incurrence of bonded indebtedness in an aggregate amount of not to exceed \$25,000,000 to the qualified electors of the community facilities district, upon which such elections can be held pursuant to said Section 53326 which may be selected by the City Council, or such earlier date as the owners of land within the community facilities district and the City Clerk agree and concur is acceptable.

(ii) Pursuant to said Section 53326, the consolidated special elections may be held earlier than 90 days following the close of the protest hearing if the qualified electors of the community facilities district waive the time limits for conducting the elections set forth in said Section 53326 by unanimous written consent and the City Clerk concurs in such earlier election date as shall be consented to by the qualified electors.

(iii) Pursuant to said Section 53326, ballots for the consolidated special elections shall be distributed to the qualified electors by the City Clerk by mail with return postage prepaid, or by personal service.

(iv) Pursuant to applicable sections of the California Elections Code governing the conduct of mail ballot elections of cities, and specifically Division 4 (commencing with Section 4000) of the California Elections Code with respect to elections conducted by mail, the City Clerk shall mail or deliver to each qualified elector an official ballot in a form specified by the City Council in the resolutions calling and consolidating the consolidated special elections, and shall also mail or deliver to all such qualified electors a ballot pamphlet and instructions to voter, including a sample ballot identical in form to the official ballot but identified as a sample ballot, a statement pursuant to Section 9401 of said Code, an impartial analysis by the City Attorney pursuant to Section 9280 of

said Code with respect to the ballot propositions contained in the official ballot, arguments and rebuttals, if any, pursuant to Sections 9281 to 9287, inclusive, and 9295 of said Code, a return identification envelope with prepaid postage thereon addressed to the City Clerk for returning voted official ballots, and a copy of the resolution of formation establishing the community facilities district, adopted by the City Council pursuant to Section 53325.1 of the California Government Code, and the exhibits thereto; provided, however, that such statement, analysis and arguments may be waived with the unanimous consent of all the landowners, and in such event a finding regarding such waivers shall be made in the resolution adopted by the City Council calling the consolidated special elections.

(c) The official ballot to be mailed or delivered by the City Clerk to each landowner-voter shall have printed or typed thereon the name of the landowner-voter and the number of votes to be voted by the landowner-voter and shall have appended to it a certification to be signed by the person voting the official ballot which shall certify that the person signing the certification is the person who voted the official ballot, and if the landowner-voter is other than a natural person, that he or she is an officer of or other person affiliated with the landowner-voter entitled to vote such official ballot, that he or she has been authorized to vote such official ballot on behalf of the landowner-voter, that in voting such official ballot it was his or her intent, as well as the intent of the landowner-voter, to vote all votes to which the landowner-voter is entitled based on its land ownership on the propositions set forth in the official ballot as marked thereon in the voting square opposite each such proposition, and further certifying as to the acreage of the landowner-voter's land ownership within the community facilities district.

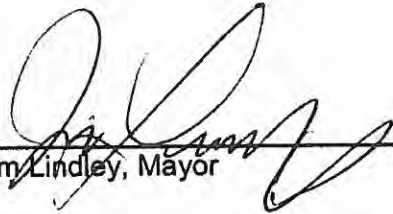
(i) The return identification envelope mailed or delivered by the City Clerk to each landowner-voter shall have printed or typed thereon the following: (i) the name of the landowner, (ii) the address of the landowner, (iii) a declaration under penalty of perjury stating that the voter is the landowner or the authorized representative of the landowner entitled to vote the enclosed ballot and is the person whose name appears on the identification envelope, (iv) the printed name and signature of the voter, (v) the address of the voter, (vi) the date of signing and place of execution of said declaration, and (vii) a notice that the envelope contains an official ballot and is to be opened only by the City Clerk.

(ii) The instruction to voter form to be mailed or delivered by the City Clerk to the landowner-voters shall inform them that the official ballots shall be returned to the City Clerk properly voted as provided thereon and with the certification appended thereto properly completed and signed in the sealed return identification envelope with the certification thereon completed and signed and all other information to be inserted thereon properly inserted by the hour on the date of the election which is specified by the City Clerk for the receipt of ballots; provided that if all qualified voters have voted, the election may be closed by the City Clerk.

(iii) Upon receipt of the return identification envelopes which are returned prior to the voting deadline on the date of the elections, the City Clerk shall canvass the votes cast in the consolidated special elections, and shall file a statement with the City Council as to the results of such canvass and the election on each proposition set forth in the official ballot.


The procedures set forth in this section for conducting the consolidated special elections, if they are held, may be modified as the City Council may determine to be necessary or desirable by a resolution subsequently adopted by the City Council.

ADOPTED AND APPROVED this 16th day of February, 2005.



Jim Lindley, Mayor

ATTEST:



Vicki C. Soderquist, CMC/AAE
City Clerk

**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF HESPERIA COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT RESTRUCTURING)**

Special Taxes (defined below) shall be levied on all Assessor's Parcels (defined below) located within the boundaries of City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) (hereinafter "CFD No. 2005-1"). The amount of Special Tax to be levied on an Assessor's Parcel in any Fiscal Year (defined below) shall be determined by the City Council of the City of Hesperia (hereinafter the "Council" and the "City"), in accordance with this Rate and Method of Apportionment described below. All of the property in CFD No. 2005-1, unless exempted by law or Section E below, shall be taxed for the purposes, to the extent, and in the manner provided herein.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2005-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with City, CFD No. 2005-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2005-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2005-1 for any other administrative purposes of CFD No. 2005-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.(b) below.

"Authorized Services" means, for each Fiscal Year, the amount computed by multiplying the number of residential units within Land Use Classes 1 through 12 by the Police and Fire Services Costs.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.(c) below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued or incurred by CFD No. 2005-1 under the Act to pay, repay or defease bonds previously issued by CFD No. 91-3.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 2005-1" means City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring).

"CFD No. 91-3" means City of Hesperia Community Facilities District No. 91-3 (Belgate Development Project).

"City" means the City of Hesperia.

"Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Urban Consumers" in the Los Angeles - Anaheim - Riverside Area, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the City of Los Angeles.

"Council" means the City Council of the City.

"County" means the County of San Bernardino.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for new construction was issued after January 1, 2004 and prior to March 1 of the previous Fiscal Year.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1 below.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for a non-residential use.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Police and Fire Services Costs" means, for Fiscal Year 2004-2005, an amount equal to \$406.32 per unit to: (i) pay for fire protection and suppression services and (ii) pay for police protection services, which on each July 1, commencing on July 1, 2005, shall be increased based on the percentage change in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) per Fiscal Year.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2005-1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property, or where the Backup Special Tax is being levied, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels upon which a Backup Special Tax is being levied. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section D below.

"Public Property" means property within the boundaries of CFD No. 2005-1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State of California, the County of San Bernardino, the City of Hesperia, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang,

patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2005-1 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2005-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for Authorized Services; (vi) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2005-1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E below.

"Taxable Public Property" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Tax pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Public Property or Taxable Property Owner Association Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2005-1 shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Classes 1 through 12 as listed in Table 1 below based on the Residential Floor Area for each unit. Non-Residential Property shall be assigned to Land Use Class 13.

C. MAXIMUM SPECIAL TAX

1. Developed Property

(a). Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b). Assigned Special Tax

The Fiscal Year 2004-2005 Assigned Special Tax for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Tax for Developed Property in
Community Facilities District No. 2005-1
Fiscal Year 2004-2005

Parcel Number	Land Use Class	Area (sq. ft.)	Assigned Special Tax
1	Residential Property	> 3,300 sq. ft.	\$2,201 per unit
2	Residential Property	3,151 – 3,300 sq. ft.	\$2,054 per unit
3	Residential Property	3,001 – 3,150 sq. ft.	\$2,012 per unit
4	Residential Property	2,851 – 3,000 sq. ft.	\$1,991 per unit
5	Residential Property	2,701 – 2,850 sq. ft.	\$1,913 per unit
6	Residential Property	2,551 – 2,700 sq. ft.	\$1,857 per unit
7	Residential Property	2,401 – 2,550 sq. ft.	\$1,801 per unit
8	Residential Property	2,251 – 2,400 sq. ft.	\$1,464 per unit
9	Residential Property	2,101 – 2,250 sq. ft.	\$1,429 per unit
10	Residential Property	1,951 – 2,100 sq. ft.	\$1,394 per unit
11	Residential Property	1,801 – 1,950 sq. ft.	\$1,281 per unit
12	Residential Property	<= 1,800 sq. ft.	\$1,078 per unit
13	Non-Residential Property	Not Applicable	\$14,253 per Acre

(c). Backup Special Tax

The Fiscal Year 2004-2005 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$0.3272 per square foot of land area within the Assessor's Parcel.

(d). Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2005, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

(e). Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. **Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property**

(a). Maximum Special Tax

The Fiscal Year 2004-2005 Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be \$14,253 per Acre.

(b). Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2005, the Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. **METHOD OF APPORTIONMENT OF THE SPECIAL TAX**

Commencing with Fiscal Year 2006-07 (or a later Fiscal Year as determined pursuant to Section I.1), and for each subsequent Fiscal Year, the Council shall determine the Special

Tax Requirement and levy the Special Taxes until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to the Maximum Special Tax for Taxable Public Property and Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2005-1.

E. EXEMPTIONS

No Special Tax shall be levied on up to 92.3 Acres of Public Property and/or Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property or Taxable Property Owner Association Property.

In addition, no Special Tax shall be levied on any Assessor's Parcel for which the obligation to pay the Special Taxes authorized in CFD No. 91-3 has been prepaid.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to CFD No. 2005-1. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The Council may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the Council shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2005-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"Bond Portion of the Special Tax" means the portion of the Special Tax levied on an Assessor's Parcel that is necessary to provide 100% coverage for the debt service associated with that Assessor Parcel's fair share of the Bonds.

"Buildout" means, for CFD No. 2005-1, that all expected building permits have been issued.

"Previously Issued Bonds" means, for any Fiscal Year, all Outstanding Bonds that are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

1. Prepayment of Bonds in Full

The obligation of an Assessor's Parcel to pay the Bond Portion of the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Bond Portion of the Special Tax shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service.

Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. No portion of the Special Tax other than the Bond Portion of the Special Tax may be prepaid.

The Prepayment Amount for the Bond Portion of the Special Tax shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total: equals	Prepayment Amount for the Bond Portion of the Special Tax

As of the proposed date of prepayment, the Prepayment Amount for the Bond Portion of the Special Tax shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property (for which a building permit has been issued) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit that has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for CFD No. 2005-1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2005-1, excluding any Assessor's Parcels for which the Bond Portion of the Special Tax has been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated total Backup Special Tax levy at Buildout of CFD No. 2005-1, excluding any Assessor's Parcels for which the Bond Portion of the Special Tax has been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price – 100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").
6. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date not covered by the current Fiscal Year Bond Portion of the Special Tax until the earliest redemption date for the Previously Issued Bonds.
7. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount for the Bond Portion of the Special Tax, less the Administrative Fees and Expenses (defined below), from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6 (the "Defeasance Amount").
9. Verify the administrative fees and expenses of CFD No. 2005-1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
10. If reserve funds for the Previously Issued Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Previously Issued Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
11. If any capitalized interest for the Previously Issued Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
12. The Prepayment Amount for the Bond Portion of the Special Tax is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 8 and 9, less the amounts computed pursuant to paragraphs 10 and 11.
13. From the Prepayment Amount for the Bond Portion of the Special Tax, the amounts computed pursuant to paragraphs 4, 5, 8, 10 and 11 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Previously Issued Bonds or make debt service payments. The amount computed pursuant to paragraph 9 shall be retained by CFD No. 2005-1.

14. To determine the Bond Portion of the Special Tax that has been prepaid and permanently satisfied pursuant to paragraphs 12 and 13, calculate the level of Special Tax necessary to provide 100% coverage on the Bond Redemption Amount calculated under paragraph 4.
15. To determine the remaining Assigned Special Tax and Maximum Special Tax on the Assessor's Parcel that shall continue to be levied in ensuing Fiscal Years, subtract the Bond Portion of the Special Tax that was calculated under paragraph 14 from the original Assigned Special Tax on the Assessor's Parcel, and subtract the Bond Portion of the Special Tax that was calculated under paragraph 14 from the original Maximum Special Tax on the Assessor's Parcel. The difference resulting from this subtraction is the remaining Assigned Special Tax and Maximum Special Tax for the Assessor's Parcel.

The Prepayment Amount for the Bond Portion of the Special Tax may be insufficient to redeem a full \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

With respect to any Assessor's Parcel that is prepaid, and only after the CFD Administrator has confirmed that the current Fiscal Year's Special Tax obligation for such Assessor's Parcel has been paid in full, the Council shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Bond Portion of the Special Tax, and that the remaining portion of the Special Tax with respect to such Assessor's Parcel shall continue to be levied for Administrative Expenses and Authorized Services pursuant to Section D.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of the Bond Portion of the Special Taxes that may be levied on Taxable Property within CFD No. 2005-1 (after excluding 92.3 Acres of Public Property and/or Property Owner Association Property as set forth in Section E) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Previously Issued Bonds, plus the Administrative Expenses.

2. Prepayment in Part

The Bond Portion of the Special Tax for an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E - A) \times F] + A$$

These terms have the following meaning:

PP = the partial prepayment

- P_E = the Prepayment Amount for the Bond Portion of the Special Tax calculated according to Section H.1
- A = the Administrative Fees and Expenses calculated according to Section H.1
- F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Bond Portion of the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Bond Portion of the Special Tax and the percentage by which the Bond Portion of the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Bond Portion of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2005-1 that there has been a partial prepayment of the Bond Portion of the Special Tax, and that a portion of the Bond Portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage $(1.00 - F)$ of the remaining Bond Portion of the Special Tax, shall continue to be levied on such Assessor's Parcel for each ensuing Fiscal Year after the Fiscal Year in which the partial prepayment occurred, along with the portion of the Special Tax on the Assessor's Parcel that may still be levied for Administrative Expenses and Authorized Services, pursuant to Section D.

I. TERM OF SPECIAL TAX

1. Commencement of the Term of Special Tax

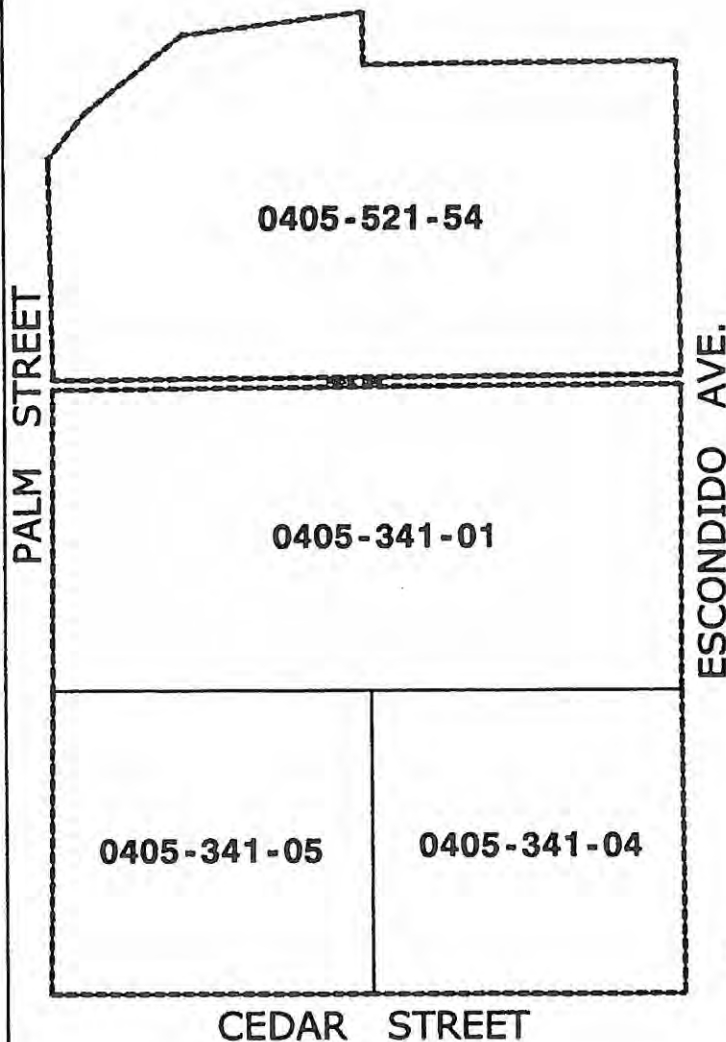
Notwithstanding anything to the contrary contained herein the Special Taxes shall be levied no earlier than the Fiscal Year in which CFD No. 91-3 is dissolved pursuant to Section 53338.5 of the Act, so long as the tax bill for any portion of the Fiscal Year shall not contain special taxes levied by both CFD No. 91-3 and CFD No. 2005-1. If CFD No. 91-3 is not so dissolved, the Special Taxes shall not be levied.

2. End of Term of Special Tax

The Bond Portion of the Special Tax shall not be levied after Fiscal Year 2040-41, and the remaining portion of the Special Tax shall continue to be levied for Administrative Expenses and Authorized Services so long as the Council, acting in its capacity as the legislative body of CFD No. 2005-1, determines that such Special Taxes are necessary to fund the Administrative Expenses and Authorized Services.

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Revised: 2/9/05

**PROPOSED BOUNDARIES OF
CITY OF HESPERIA
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT RESTRUCTURING)
COUNTY OF SAN BERNARDINO
STATE OF CALIFORNIA**



Reference is hereby made to the Assessor maps of the County of San Bernardino for an exact description of the lines and dimensions of each lot and parcel.

- (1) Filed in the office of the City Clerk of the City of Hesperia this ____ day of _____, 2005.

Vicki C. Soderquist, CMC/AEE, City Clerk

- (2) I hereby certify that the within map showing the proposed boundaries of City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California, was approved by the City Council of the City of Hesperia at a regular meeting thereof, held on the ____ day of _____, 2005, by its Resolution No. _____.

Vicki C. Soderquist, CMC/AEE, City Clerk

- (3) Filed this ____ day of _____, 2005, at the hour of ____ o'clock ____ m, in Book _____ of Maps of Assessment and Community Facilities Districts at page _____ and as Instrument No. _____ in the office of the County Recorder of the County of San Bernardino, State of California.

Larry Walker
Auditor/Controller-Recorder of County of San Bernardino

By _____

Deputy
Fee _____

LEGEND

----- Proposed Boundaries of City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring)
0405-nnn-nn Assessor Parcel Number

STATE OF CALIFORNIA)

COUNTY OF SAN BERNARDINO)

CITY OF HESPERIA)


I, Vicki C. Soderquist, City Clerk of the City of Hesperia, California, do hereby certify that Resolution No. 2005-032 was duly adopted by the City Council of the City of Hesperia, California at a Regular Meeting thereof held 16th day February 2005

AYES: Honeycutt, Leonard, Lindley, Pack, Vogler

NOES: None

ABSTAIN: None

ABSENT: None


Vicki C. Soderquist, CMC/AAE
City Clerk



I, _____, City Clerk of the City of Hesperia, California, do hereby certify that the foregoing Resolution No. 2005-032 is a full, true and correct copy of that now in file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia, California, this _____ day of _____, 20__.

City Clerk

Seal

RESOLUTION NO. 2005-033

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HESPERIA
DECLARING NECESSITY FOR PROPOSED CITY OF HESPERIA
COMMUNITY FACILITIES DISTRICT NO. 2005-1 TO INCUR BONDED
INDEBTEDNESS**

WHEREAS, the City of Hesperia (the "City") has formed its Community Facilities District No. 91-3 ("CFD No. 91-3") and, in connection therewith, has issued its Special Tax Bonds 1992 Series A in the original principal amount of \$10,000,000 (the "1992 Bonds") which are secured by special taxes levied by the City on property within the boundaries of CFD No. 91-3, and because of the delinquent payment of the special taxes levied in CFD No. 91-3, CFD 91-3 is currently in default in the payment of the principal and interest on the 1992 Bonds; and

WHEREAS, the City Council (the "City Council") of the City has received a petition from the owner and developer of certain property in CFD No. 91-3 (the "Owner") requesting that the City Council conduct proceedings pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982," for the establishment of a community facilities district for the purpose of (a) refinancing by legally defeasing and redeeming all outstanding 1992 Bonds, bringing all delinquent payments on the 1992 Bonds current, and causing special taxes with respect to CFD No. 91-3 levied on taxable real property within the proposed community facilities district to be deemed paid in full and satisfied, (b) paying for the costs of additional police protection and fire protection and suppression services which will be required as a result of new development within the proposed community facilities district, and (c) paying the incidental expenses associated with the creation of the proposed community facilities district, issuance of bonds thereof, funding a reserve fund, the determination of the amount and collection of the special taxes, and the payment of special taxes, and costs otherwise incurred in order to carry out the authorized purposes of the proposed community facilities district; and that the proposed community facilities district be authorized to issue bonds and incur a bonded indebtedness for the purposes listed in (a) and (c) above in the original aggregate principal amount of not to exceed \$25,000,000; and

WHEREAS, pursuant to Section 53321 of the California Government Code, the City Council has adopted a resolution declaring its intention to establish City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) (the "Resolution of Intention") for the purpose stated in the immediately preceding recital and the Resolution of Intention; and

WHEREAS, it is therefore necessary for the proposed community facilities district to incur a bonded indebtedness for the purposes stated in the Resolution of Intention.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY OF HESPERIA AS FOLLOWS:

Section 1. Bonded Indebtedness. The City Council declares that it is necessary that a bonded indebtedness be incurred by and for proposed City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), in an original aggregate principal amount not to exceed \$25,000,000 for the purpose described in the Resolution of Intention.

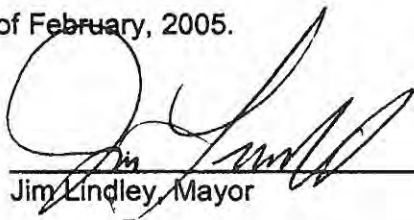
Section 2. Costs Included. The amount of the proposed bonded indebtedness shall include all costs and estimated costs incidental to, or connected with, the accomplishment of the purposes for which the proposed bonded indebtedness is to be incurred, including, but not limited to, the satisfaction of contractual obligations relating to expenses or the advancement of funds for expenses existing at the time the bonds are issued, legal, fiscal and financial consultant fees, bond and other reserve funds, election costs, and all costs of issuance of the bonds, including, but not limited to underwriter's discount, fees for bond counsel, fees for special counsel to the City, costs of obtaining credit ratings (if any), bond insurance premiums (if any), and printing costs.

Section 3. Payment of Bonded Indebtedness. Pursuant to Section 4 of the Resolution of Intention and Section 53351 of the California Government Code, all parcels of taxable property within the proposed community facilities district shall be subject to the levy of special taxes to pay the principal of and interest on the aggregate principal amount of the bonds of the community facilities district which may be issued and sold to refinance the 1992 Bonds, and pay all of the expenses incidental thereto.

Section 4. Hearing. A public hearing on the proposed bonded indebtedness for said proposed community facilities district shall be held at _____, on March 23, 2005, in the City Council Chambers located at 15776 Main Street, Hesperia, California 92345. Said hearing shall be conducted concurrently with the hearing on the establishment of the proposed community facilities district.


Section 5. Notice. The City Clerk shall publish a notice of the time and place of said hearing pursuant to Section 53346 of the California Government Code, and shall also give notice of the time and place of said hearing by first-class mail to each registered voter and to each landowner within the proposed community facilities district.

ADOPTED AND APPROVED this 16th day of February, 2005.



Jim Lindley, Mayor

ATTEST:



Vicki C. Soderquist, CMC/AEE
City Clerk

STATE OF CALIFORNIA)

COUNTY OF SAN BERNARDINO)

CITY OF HESPERIA)


I, Vicki C. Soderquist, City Clerk of the City of Hesperia, California, do hereby certify that Resolution No. 2005-033 was duly adopted by the City Council of the City of Hesperia, California at a Regular Meeting thereof held 16th day February 2005

AYES: Honeycutt, Leonard, Lindley, Pack, Vogler

NOES: None

ABSTAIN: None

ABSENT: None


Vicki C. Soderquist, CMG/AAE
City Clerk



I, _____, City Clerk of the City of Hesperia, California, do hereby certify that the foregoing Resolution No. 2005-033 is a full, true and correct copy of that now in file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia, California, this _____ day of _____, 20__.

City Clerk

Seal

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2014 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$18,450,000
CITY OF HESPERIA
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT RESTRUCTURING)
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
SPECIAL TAX REFUNDING BONDS, SERIES 2014

Dated: Date of Delivery

Due: September 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the "2014 Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Resolution of Issuance (as defined herein), and a Fiscal Agent Agreement dated as of December 1, 2014 (the "Fiscal Agent Agreement"), by and between the City of Hesperia, California (the "City"), for and on behalf of the City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California (the "District"), and MUFG Union Bank, N.A., as fiscal agent (the "Fiscal Agent"). See "THE 2014 BONDS – Authority for Issuance."

Security and Sources of Payment. The 2014 Bonds are payable from Special Tax Revenues (as defined herein) levied on property within the District according to the rate and method of apportionment of special tax approved by the Board and the eligible landowner voters in the District. The 2014 Bonds are secured by a first pledge of the Special Tax Revenues and the moneys on deposit in certain funds and accounts held by the Fiscal Agent under the Fiscal Agent Agreement. See "SECURITY FOR THE 2014 BONDS."

Use of Proceeds. The 2014 Bonds are being issued to (i) refund in full an outstanding series of bonds previously issued with respect to the District captioned "City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California, Special Tax Bonds, 2005 Series A," and cause the simultaneous refunding of the outstanding bonds captioned "City of Hesperia Public Financing Authority 2005 Local Agency Revenue Bonds, Series A (Tranches A through C)," (ii) fund a reserve fund for the 2014 Bonds, (iii) fund administrative expenses of the District, and (iv) pay costs of issuing the 2014 Bonds. See "FINANCING PLAN."

Bond Terms. Interest on the 2014 Bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2015. The 2014 Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. The 2014 Bonds, when delivered, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2014 Bonds. See "THE 2014 BONDS – General Bond Terms" and "APPENDIX F – DTC and the Book-Entry Only System."

Redemption. The 2014 Bonds are subject to optional redemption, mandatory sinking fund redemption and special mandatory redemption from prepaid Special Taxes. See "THE 2014 BONDS - Redemption."

THE 2014 BONDS, THE INTEREST THEREON, AND ANY PREMIUMS PAYABLE ON THE REDEMPTION OF ANY OF THE 2014 BONDS, ARE NOT AN INDEBTEDNESS OF THE CITY OR THE DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE OF CALIFORNIA (THE "STATE") OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY OR THE DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE 2014 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS. OTHER THAN THE SPECIAL TAX REVENUES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE 2014 BONDS. THE 2014 BONDS ARE NOT A GENERAL OBLIGATION OF THE CITY OR THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE CITY AND THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

MATURITY SCHEDULE

(see inside cover)

This cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Investment in the 2014 Bonds involves risks which may not be appropriate for some investors. See "SPECIAL RISK FACTORS" for a discussion of special risk factors that should be considered in evaluating the investment quality of the 2014 Bonds.

The 2014 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and certain other conditions. Certain legal matters with respect to the 2014 Bonds will be passed upon for the City by the City Attorney, and by Jones Hall, A Professional Law Corporation, San Francisco, California, acting as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, Newport Beach, California. It is anticipated that the 2014 Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about December 18, 2014.

STIFEL

MATURITY SCHEDULE

\$10,245,000 Serial Bonds
Base CUSIP: † 428059

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2015	\$ 875,000	2.000%	0.440%	101.093%	AQ2
2016	350,000	3.000	1.070	103.247	AR0
2017	390,000	4.000	1.480	106.650	AS8
2018	425,000	4.000	1.830	107.732	AT6
2019	475,000	4.000	2.150	108.230	AU3
2020	505,000	5.000	2.420	113.662	AV1
2021	565,000	5.000	2.680	114.143	AW9
2022	620,000	5.000	2.910	114.324	AX7
2023	675,000	5.000	3.080	114.555	AY5
2024	235,000	3.000	3.230	98.094	AZ2
2024	500,000	5.000	3.230	114.637	BH1
2025	790,000	5.000	3.400	113.124 C	BA6
2026	860,000	5.000	3.590	111.461 C	BB4
2027	930,000	3.500	3.760	97.389	BC2
2028	990,000	3.625	3.820	97.930	BD0
2029	1,060,000	5.000	3.730	110.254 C	BE8

\$5,705,000 5.000% Term Bond due September 1, 2035, Yield 4.030%, Price 107.720% C
 CUSIP† No. 428059 BG3

\$2,500,000 4.000% Term Bond due September 1, 2035, Yield 4.130%, Price 98.197%
 CUSIP† No. 428059 BF5

C Priced to the optional par redemption date of September 1, 2024.

† Copyright 2014, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Neither the City nor the Underwriter assumes any responsibility for the accuracy of the CUSIP data.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2014 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2014 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City, the District, any other parties described in this Official Statement, or in the condition of property within the District since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2014 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2014 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Fiscal Agent Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may overallocate or take other steps that stabilize or maintain the market prices of the 2014 Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the 2014 Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Exemption from Securities Laws Registration. The issuance and sale of the 2014 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

City Internet Site. The City maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

CITY OF HESPERIA

City Council

Thurston Smith, *Mayor*
Eric Schmidt, *Mayor Pro Tem*
Russell Blewett, *Council Member*
Bill Holland, *Council Member*
Mike Leonard, *Council Member*

City Officials

Mike Podegracz, *City Manager*
Brian Johnson, *Assistant City Manager/Management Services*
Anne Duke, *Deputy Finance Director*
Melinda Sayre-Castro, *City Clerk*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Special Tax Administrator

NBS
Temecula, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

Escrow Agent

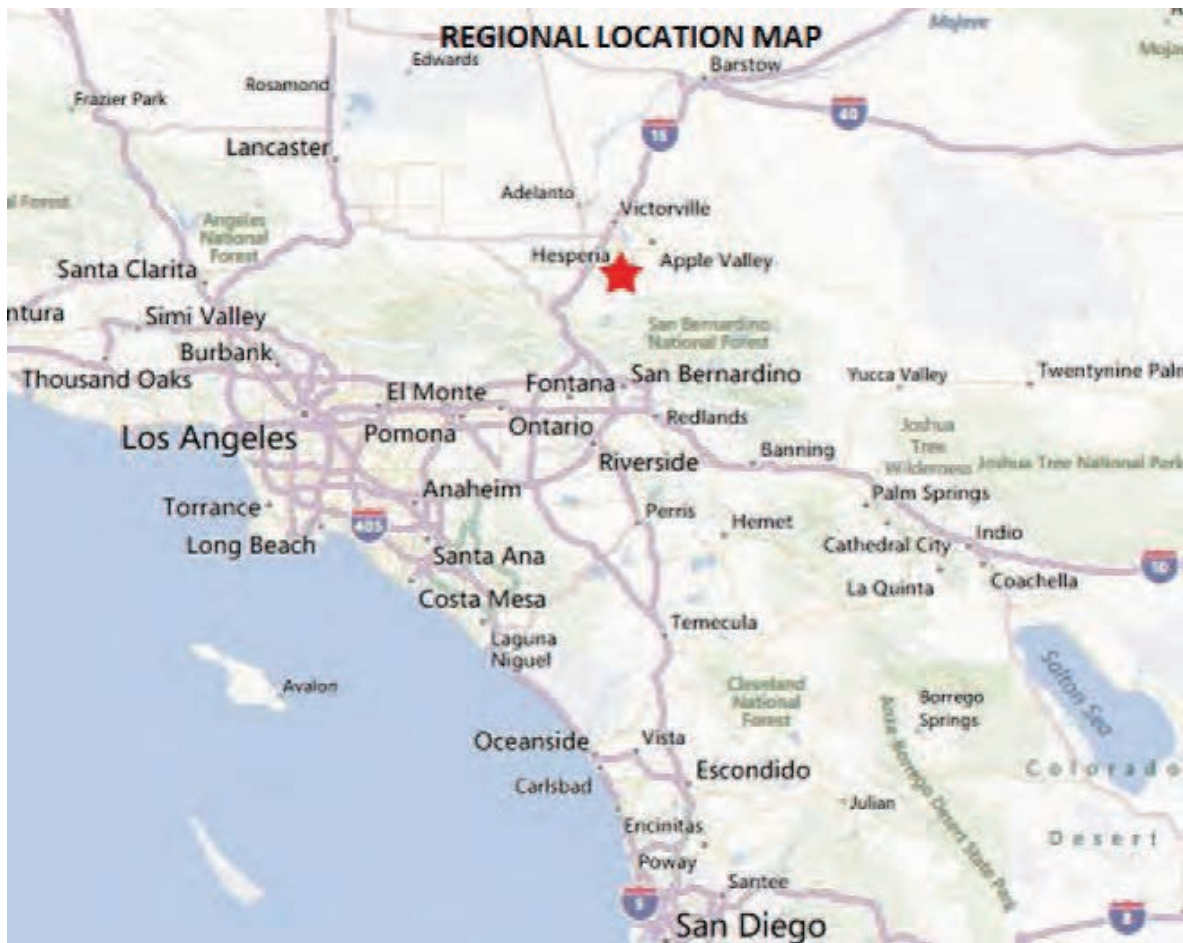
The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

Fiscal Agent

MUFG Union Bank, N.A.
Los Angeles, California

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City of Hesperia
Community Facilities District No. 2005-1
(Belgate Restructuring)



Eagle Aerial Solutions 2/9/14

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OFFICIAL STATEMENT

\$18,450,000
CITY OF HESPERIA
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT RESTRUCTURING)
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
SPECIAL TAX REFUNDING BONDS SERIES 2014

INTRODUCTION

This Official Statement, including the cover page, inside cover and attached appendices, is provided to furnish information regarding the bonds captioned above (the “**2014 Bonds**”) to be issued by the City of Hesperia, California (the “**City**”), for and on behalf of the City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California (the “**District**”).

This introduction is not a summary of this Official Statement and is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement by those interested in purchasing the 2014 Bonds. The sale and delivery of 2014 Bonds to potential investors is made only by means of the entire Official Statement.

Capitalized terms used but not defined in this Official Statement have the meanings set forth in APPENDIX C – “Summary of the Fiscal Agent Agreement—Definitions” and in APPENDIX B – “Rate and Method.”

Authority for Issuance

The 2014 Bonds are authorized to be issued under the Mello-Roos Community Facilities Act of 1982, as amended, commencing at Section 53311, et seq., of the California Government Code (the “**Act**”), a resolution adopted on November 18, 2014 by the City Council of the City (the “**City Council**”) acting as the legislative body of the District, and a Fiscal Agent Agreement dated as of December 1, 2014 (the “**Fiscal Agent Agreement**”), between the City, for and on behalf of the District, and MUFG Union Bank, N.A., as fiscal agent (the “**Fiscal Agent**”). See “THE 2014 BONDS – Authority for Issuance.”

Except for refunding bonds, the 2014 Bonds are the only series of bonds that are authorized to be issued for the District and payable from Special Taxes (as defined below). See “SECURITY FOR THE 2014 BONDS – Parity Bonds for Refunding Purposes Only.”

As used in this Official Statement, the 2014 Bonds and any parity bonds issued for refunding purposes under the Fiscal Agent Agreement (“**Parity Bonds**”) are referred to collectively as the “**Bonds**.”

The District

Formation. The District was established in proceedings carried out by the City under the Act in 2005, including a landowner election at which the qualified electors of the District authorized the District to incur bonded indebtedness and approved the levy of special taxes under the Rate and Method of Apportionment of Special Taxes (the "**Rate and Method**"). The District is located in the western portion of the City, which is located in the western portion of the County of San Bernardino (the "**County**").

See "THE DISTRICT – Background and Formation."

Property Ownership and Development Status. The District currently contains 1,038 parcels of Taxable Property, of which 153 parcels are classified as Undeveloped Property and the remaining parcels are classified as Developed Property for Fiscal Year 2014-15. See "THE DISTRICT."

Purpose of Issuance

The 2014 Bonds are being issued primarily to defease and refund in full an outstanding series of bonds previously issued by the City on behalf of the District captioned "City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California, Special Tax Bonds, 2005 Series A" (the "**2005 CFD Bonds**").

At their time of issuance, the 2005 CFD Bonds were purchased by the City of Hesperia Public Financing Authority (the "**Authority**") and used to secure the issuance of a series of revenue bonds captioned "City of Hesperia Public Financing Authority 2005 Local Agency Revenue Bonds, Series A (Tranches A through C)" (the "**2005 PFA Bonds**"). See "THE DISTRICT – Background and Formation." Upon the defeasance and redemption of the 2005 CFD Bonds, the 2005 PFA Bonds will be simultaneously defeased and redeemed.

Proceeds of the 2014 Bonds will also fund a reserve fund for the 2014 Bonds, fund administrative expenses of the District, and pay costs of issuing the 2014 Bonds.

See "FINANCING PLAN."

Security for the 2014 Bonds

Security and Sources of Payment for the 2014 Bonds. The City annually levies special taxes on real property in the District (the "**Special Taxes**") in accordance with the Rate and Method. The 2014 Bonds are secured by and payable from a first pledge of the "**Special Tax Revenues**" (as more particularly defined in the Fiscal Agent Agreement). The 2014 Bonds will be additionally secured by certain funds and accounts established and held under the Fiscal Agent Agreement. See "SECURITY FOR THE 2014 BONDS."

Covenant to Foreclose. The City has covenanted in the Fiscal Agent Agreement to cause foreclosure proceedings to be commenced and prosecuted against certain parcels with delinquent installments of the Special Taxes. For a more detailed description of the foreclosure covenant see "SECURITY FOR THE 2014 BONDS – Covenant to Foreclose."

Reserve Fund. The Fiscal Agent Agreement establishes a Reserve Fund to be held by the City as a reserve for the payment of principal of and interest on the Bonds. See “SECURITY FOR THE 2014 BONDS—Reserve Fund.”

Redemption

The 2014 Bonds are subject to optional redemption, mandatory sinking payment redemption and mandatory redemption from Special Tax prepayments. See “THE 2014 BONDS – Redemption.”

Risk Factors

Investment in the 2014 Bonds involves risks that may not be appropriate for some investors. See “SPECIAL RISK FACTORS” for a discussion of certain risk factors which should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2014 Bonds.

FINANCING PLAN

Refunding Plan

The 2005 CFD Bonds were issued in April 2005 by the City, on behalf of the District, as convertible capital appreciation bonds in the original principal amount of \$18,554,508, which subsequently converted to current interest bonds that are currently outstanding in the principal amount of \$19,645,000.

At their time of issuance, the 2005 CFD Bonds were purchased by the Authority and used to secure the 2005 PFA Bonds, which were issued in April 2005 by the Authority as convertible capital appreciation bonds in the original principal amount of \$18,554,508, and which subsequently converted to current interest bonds that are currently outstanding in the principal amount of \$19,645,000.

See “THE DISTRICT – Background and Formation.”

All the outstanding 2005 CFD Bonds will be redeemed in full, on a current basis, on March 1, 2015, at a redemption price equal to their outstanding principal amount, together with accrued interest to the redemption date, without premium. On the same date, upon the redemption of the 2005 CFD Bonds, the 2005 PFA Bonds will be simultaneously redeemed at a redemption price equal to their outstanding principal amount, together with accrued interest to the redemption date, without premium.

In order to accomplish the refunding plan, a portion of the net proceeds of the 2014 Bonds, together with certain other funds on hand with respect to the 2005 CFD Bonds and the 2005 PFA Bonds, will be transferred to The Bank of New York Mellon Trust Company, N.A., as escrow agent (the “**Escrow Agent**”) pursuant to an Escrow Deposit and Trust Agreement dated as of December 1, 2014 (the “**Escrow Agreement**”), among the City, the Authority and the Escrow Agent.

The Escrow Agent will invest certain amounts on deposit under the Escrow Agreement in federal securities consisting of United States Treasury Securities -- State and Local Government Series, and hold the remainder in cash, uninvested. These funds will be sufficient to pay and redeem the 2005 CFD Bonds and the 2005 PFA Bonds in full on March 1, 2015. See “VERIFICATION OF MATHEMATICAL ACCURACY.”

Upon such irrevocable deposit with the Escrow Agent and in accordance with the Escrow Agreement, the 2005 CFD Bonds and 2005 PFA Bonds will be legally defeased and will no longer be entitled to the benefits of, or be secured by, any pledge of or lien on the Special Taxes.

Amounts on deposit under the Escrow Agreement are not available to pay debt service on the 2014 Bonds.

Estimated Sources and Uses of Funds

The estimated proceeds from the sale of the 2014 Bonds will be deposited into the following funds established under the Fiscal Agent Agreement:

SOURCES

Principal Amount of 2014 Bonds	\$18,450,000.00
<i>Plus:</i> Net Original Issue Premium	1,184,991.05
<i>Plus:</i> Funds Related to Prior Bonds [1]	2,431,709.97
<i>Total Sources</i>	<hr/> \$22,066,701.02

USES

Deposit into Costs of Issuance Fund [2]	\$ 148,549.94
Deposit into Reserve Fund [3]	1,428,212.50
Transfer to Escrow Agent [4]	20,258,501.08
Underwriter's Discount	216,437.50
Deposit to Administrative Expense Fund	15,000.00
<i>Total Uses</i>	<hr/> \$22,066,701.02

[1] Represents funds on hand related to the 2005 CFD Bonds and the 2005 PFA Bonds. See “– Refunding Plan” above.

[2] Includes, among other things, the fees and expenses of Bond Counsel and Disclosure Counsel, the cost of printing the Preliminary and final Official Statements, fees and expenses of the Fiscal Agent, fees and expenses of the Escrow Agent, and the fees of the Special Tax Consultant.

[3] Equal to the Reserve Requirement with respect to the 2014 Bonds as of their date of delivery. See “SECURITY FOR THE 2014 BONDS—Reserve Fund.”

[4] Will be used to refund and defease the 2005 CFD Bonds and the 2005 PFA Bonds. See “– Refunding Plan” above.

THE 2014 BONDS

This section generally describes the terms of the 2014 Bonds contained in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in this section are defined in APPENDIX C.

Authority for Issuance

The 2014 Bonds are authorized to be issued under the Act, a resolution adopted on November 18, 2014, by the City Council, acting as the legislative body of the District, and the Fiscal Agent Agreement. Under this authority, the 2014 Bonds may be issued in the maximum principal amount of \$21,000,000.

General Bond Terms

Dated Date, Maturity and Authorized Denominations. The 2014 Bonds will be dated the Closing Date and will mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. The 2014 Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple of \$5,000.

Interest. The 2014 Bonds will bear interest at the annual rates set forth on the inside cover page of this Official Statement, payable semiannually on each March 1 and September 1, commencing March 1, 2015 (each, an “**Interest Payment Date**”) until the principal sum of the 2014 Bonds has been paid.

Interest will be calculated on the basis of a 360 day year composed of twelve 30-day months. Each 2014 Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless

(i) it is authenticated on an Interest Payment Date, in which event it will bear interest from such date of authentication, or

(ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or

(iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it will bear interest from the Closing Date;

provided, however, that if at the time of authentication of a 2014 Bond, interest is in default thereon, such 2014 Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Record Date. “Record Date” means the 15th day of the calendar month preceding an Interest Payment Date whether or not such day is a business day.

DTC and Book-Entry Only System. DTC will act as securities depository for the 2014 Bonds. The 2014 Bonds will be issued as fully-registered securities registered initially in the name of Cede & Co. (DTC’s partnership nominee). See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Payments of Interest and Principal. *For so long as DTC is used as depository for the 2014 Bonds, principal of, premium, if any, and interest payments on the 2014 Bonds will be made solely to DTC or its nominee, Cede & Co., as registered owner of the 2014 Bonds, for distribution to the beneficial owners of the 2014 Bonds in accordance with the procedures adopted by DTC.*

Interest on the 2014 Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions of any Owner of \$1,000,000 or more in aggregate principal amount of 2014 Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which will continue in effect until revoked in writing, or until such 2014 Bonds are transferred to a new Owner.

The principal of the 2014 Bonds and any premium on the 2014 Bonds are payable in lawful money of the United States of America upon surrender of the 2014 Bonds at the Principal Office of the Fiscal Agent.

Redemption

Optional Redemption. The 2014 Bonds maturing before September 1, 2025, are not subject to optional redemption. The 2014 Bonds maturing on September 1, 2025, and thereafter are subject to redemption prior to their stated maturities, on any Interest Payment Date beginning on September 1, 2024, in whole or in part, at a redemption price equal to the principal amount of the 2014 Bonds to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Payment Redemption. The Term Bond maturing on September 1, 2035, and bearing interest at the rate of 5.00% (the "**5.00% Term Bond**") is subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

5.00% Term Bond

Redemption Date (September 1)	Sinking Payment
2030	\$ 805,000
2031	865,000
2032	920,000
2033	965,000
2034	1,045,000
2035 (maturity)	1,105,000

The Term Bond maturing on September 1, 2035, and bearing interest at the rate of 4.00% (the “**4.00% Term Bond**”) is subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts all as set forth in the following table:

4.00% Term Bond

Redemption Date (September 1)	Sinking Payment
2030	\$340,000
2031	360,000
2032	400,000
2033	440,000
2034	460,000
2035 (maturity)	500,000

Provided, however, if some but not all of the 5.00% Term Bonds or 4.00% Term Bonds have been redeemed through optional redemption as described above or mandatory redemption from Special Tax prepayments as described below, the total amount of all future Sinking Fund Payments relating to such Term Bonds will be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in integral multiples of \$5,000 as determined by the Fiscal Agent.

Mandatory Redemption From Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the Reserve Fund under the Fiscal Agent Agreement will be used to redeem 2014 Bonds on the next Interest Payment Date for which notice of redemption can timely be given, among maturities so as to maintain substantially the same debt service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2014 Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
Any Interest Payment Date through March 1, 2022	103%
September 1, 2022, and March 1, 2023	102
September 1, 2023, and March 1, 2024	101
September 1, 2024, and any Interest Payment Date thereafter	100

Purchase of 2014 Bonds In Lieu of Redemption. In lieu of redemption as described above, moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2014 Bonds, upon the filing with the Fiscal Agent of an Officer’s Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer’s Certificate may provide, but in no event may 2014 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such 2014 Bonds were to be redeemed in accordance with the Fiscal Agent Agreement. Any 2014 Bonds purchased under this provision of the Fiscal Agent Agreement will be treated as outstanding Bonds, except to the extent otherwise directed by the Finance Director.

Notice of Redemption. The Fiscal Agent will cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories, to the Municipal Securities Rulemaking Board, and to the respective registered Owners of any 2014 Bonds designated for redemption, at their addresses appearing on the 2014 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing will not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of such 2014 Bonds.

Rescission. The City has the right to rescind any notice of the optional redemption of 2014 Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2014 Bonds then called for redemption, and such cancellation will not constitute a default under the Fiscal Agent Agreement. The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Selection of 2014 Bonds for Redemption. Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2014 Bonds of any maturity or any given portion thereof, the Fiscal Agent will select the 2014 Bonds to be redeemed from all 2014 Bonds or such given portion thereof not previously called for redemption, by lot in any manner the Fiscal Agent in its sole discretion deems appropriate; provided, however, that if 2014 Bonds are to be redeemed as a result of Special Tax Prepayments, 2014 Bonds will be selected for redemption on a pro-rata basis among maturities.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2014 Bonds so called for redemption have been deposited in the Bond Fund, such 2014 Bonds so called will cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in the notice of redemption.

Registration, Transfer or Exchange

The following provisions regarding the exchange and transfer of the 2014 Bonds apply only during any period in which the 2014 Bonds are not subject to DTC's book-entry system. While the 2014 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See APPENDIX F – "DTC and the Book-Entry Only System."

Registration. The Fiscal Agent will keep, or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the 2014 Bonds, which will show the series number, date, amount, rate of interest and last known owner of each 2014 Bond, and will at all times be open to inspection by the City during regular business hours upon reasonable notice; and, upon presentation for such purpose, the Fiscal Agent will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the 2014 Bonds as described below. The City and the Fiscal Agent will treat the Owner of any 2014 Bond whose name appears on the 2014 Bond register as

the absolute Owner of such 2014 Bond for any and all purposes, and the City and the Fiscal Agent will not be affected by any notice to the contrary. The City and the Fiscal Agent may rely on the address of the Owner as it appears in the 2014 Bond register for any and all purposes.

Transfer and Exchange. Any Bond may, in accordance with its terms, be transferred, upon the 2014 Bond register, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such 2014 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form acceptable to the Fiscal Agent.

2014 Bonds may be exchanged at the Principal Office of the Fiscal Agent solely for a like aggregate principal amount of 2014 Bonds of authorized denominations and of the same maturity.

The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange will be paid by the City. The Fiscal Agent will collect from the Owner requesting such transfer or exchange any tax or other governmental charge required to be paid with respect to such transfer or exchange.

Whenever any 2014 Bond or 2014 Bonds are surrendered for transfer or exchange, the City will execute and the Fiscal Agent will authenticate and deliver a new 2014 Bond or 2014 Bonds, for a like aggregate principal amount.

No transfers or exchanges of 2014 Bonds will be required to be made (i) 15 days prior to the date established by the Fiscal Agent for selection of 2014 Bonds for redemption, or (ii) with respect to a 2014 Bond after such 2014 Bond has been selected for redemption, or (iii) between a Record Date and the succeeding Interest Payment Date.

Scheduled Debt Service

The following is the debt service schedule for the 2014 Bonds, assuming no optional redemption or mandatory redemption from Special Tax prepayments.

Period Ending September 1	Principal	Interest	Total Debt Service
2015	\$ 875,000	\$ 575,636.49	\$ 1,450,636.49
2016	350,000	801,587.50	1,151,587.50
2017	390,000	791,087.50	1,181,087.50
2018	425,000	775,487.50	1,200,487.50
2019	475,000	758,487.50	1,233,487.50
2020	505,000	739,487.50	1,244,487.50
2021	565,000	714,237.50	1,279,237.50
2022	620,000	685,987.50	1,305,987.50
2023	675,000	654,987.50	1,329,987.50
2024	735,000	621,237.50	1,356,237.50
2025	790,000	589,187.50	1,379,187.50
2026	860,000	549,687.50	1,409,687.50
2027	930,000	506,687.50	1,436,687.50
2028	990,000	474,137.50	1,464,137.50
2029	1,060,000	438,250.00	1,498,250.00
2030	1,145,000	385,250.00	1,530,250.00
2031	1,225,000	331,400.00	1,556,400.00
2032	1,320,000	273,750.00	1,593,750.00
2033	1,405,000	211,750.00	1,616,750.00
2034	1,505,000	145,900.00	1,650,900.00
2035	1,605,000	75,250.00	1,680,250.00
Total	\$18,450,000	\$11,099,473.99	\$29,549,473.99

SECURITY FOR THE 2014 BONDS

This section generally describes the security for the 2014 Bonds set forth in the Fiscal Agent Agreement, which is summarized in more detail in APPENDIX C. Capitalized terms used but not defined in the section are defined in APPENDIX C.

General

The payment of the principal of, and interest and any premium on, the 2014 Bonds are secured by a first pledge of the following:

- all of the Special Tax Revenues, and
- all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account), the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, the Special Tax Fund.

The term “**Special Tax Revenues**” is defined in the Fiscal Agent Agreement to mean the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but does not include any interest in excess of the interest due on the 2014 Bonds or any penalties collected in connection with any such foreclosure.

Amounts in the Administrative Expense Fund and the Costs of Issuance Fund are *not* pledged to the repayment of the 2014 Bonds. The amounts transferred to the Escrow Agent are not in any way pledged to pay the debt service on the 2014 Bonds.

Limited Obligation

THE 2014 BONDS, THE INTEREST THEREON, AND ANY PREMIUM PAYABLE ON THE REDEMPTION OF ANY OF THE 2014 BONDS, ARE NOT AN INDEBTEDNESS OF THE CITY OR THE DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE OF CALIFORNIA (THE “STATE”) OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY OR THE DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT), THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE ON THE 2014 BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE DISTRICT (EXCEPT TO THE LIMITED EXTENT DESCRIBED IN THIS OFFICIAL STATEMENT) OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS. OTHER THAN THE SPECIAL TAX REVENUES, NO TAXES ARE PLEDGED TO THE PAYMENT OF THE 2014 BONDS. THE 2014 BONDS ARE NOT A GENERAL OBLIGATION OF THE CITY OR THE DISTRICT, BUT ARE LIMITED OBLIGATIONS OF THE CITY AND THE DISTRICT PAYABLE SOLELY FROM THE SPECIAL TAX REVENUES AS MORE FULLY DESCRIBED IN THIS OFFICIAL STATEMENT.

Special Taxes

Levy of Special Taxes. The City will agree in the Fiscal Agent Agreement to comply with all requirements of the Act to assure the timely collection of Special Taxes, including the enforcement of delinquent Special Taxes.

Under the Act and the Fiscal Agent Agreement, the City is required to levy the Special Taxes each year in an amount required for the following (in each case taking into account the balances on hand in the funds held under the Fiscal Agent Agreement):

- the payment of principal of and interest on any outstanding Bonds becoming due and payable during the ensuing calendar year,
- any necessary replenishment or expenditure of the Reserve Fund, and
- an amount estimated to be sufficient to pay the Administrative Expenses (including amounts necessary to discharge any rebate obligation) during the ensuing year.

In addition, under the Rate and Method, the City is permitted to levy additional Special Taxes as needed to pay for certain authorized services.

See “– Special Tax Fund” below.

Duration of Special Tax Levy. The Rate and Method provides that Special Taxes levied to pay debt service and related costs with respect to bonds will not be levied after Fiscal Year 2040-41. Subsequently, the Special Tax will continue to be levied for administrative expenses and authorized services so long as the City determines that such Special Taxes are necessary.

The Fiscal Agent Agreement provides that, in general, the Special Taxes are payable and will be collected in the same manner and at the same time and in the same installment as the general taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the general taxes on real property.

The Special Tax levy is limited to the maximum Special Tax rates set forth in the Rate and Method. Accordingly, no assurance can be given that, in the event of Special Tax delinquencies, the receipts of Special Taxes will, in fact, be collected in sufficient amounts in any given year to pay debt service on the 2014 Bonds.

Rate and Method

General. The Special Tax is levied and collected according to the Rate and Method, which provides the means by which the City may annually levy the Special Taxes within the District, up to the Maximum Special Tax, and to determine the amount of the Special Tax that will need to be collected each Fiscal Year from the Taxable Property within the District.

The following is a synopsis of the Rate and Method, which should be read in conjunction with the complete text of the Rate and Method attached as APPENDIX B. The meaning of the capitalized terms used but not defined in this section are as set forth in APPENDIX B. *This*

section provides only a summary of the Rate and Method, and is qualified by more complete and detailed information contained in the entire Rate and Method attached as APPENDIX B.

Special Tax Requirement. Annually, at the time of levying the Special Tax, the City will determine the minimum amount to be levied on Taxable Property in the District (the “**Special Tax Requirement**”), which is defined in the Rate and Method as the amount required in any Fiscal Year to:

- (i) pay debt service on all outstanding bonds or indebtedness issued with respect to the District;
- (ii) pay periodic costs on the bonds or indebtedness issued with respect to the District, including but not limited to, credit enhancement and rebate payments;
- (iii) pay Administrative Expenses;
- (iv) pay any amounts required to establish or replenish any debt service reserve funds;
- (v) pay for Authorized Services; and
- (vi) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year;

less a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator.

Assignment to Land Use Categories. Each Fiscal Year, all Taxable Property will be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property (all as defined below), and will be subject to Special Taxes in accordance with the Rate and Method.

“**Developed Property**” means, for each Fiscal Year, all Taxable Property (exclusive of Taxable Public Property and Taxable Property Owner Association Property) for which a building permit for new construction was issued after January 1, 2004 and prior to March 1 of the previous Fiscal Year.

“**Taxable Public Property**” means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Tax (as further described below), and “**Public Property**” means property within the boundaries of the District owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State, the County of San Bernardino, the City, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act will be taxed and classified according to its use.

“**Taxable Property Owner Association Property**” means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax (as further described below), and “**Property Owner Association Property**” means, for each Fiscal Year, any property within the boundaries of the District

that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Public Property or Taxable Property Owner Association Property.

Maximum Special Tax. The Maximum Special Tax is defined in the Rate and Method as follows:

Developed Property. The Maximum Special Tax for each Assessor's Parcel classified as Developed Property is the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

Assigned Special Tax Rates. The Fiscal Year 2014-15 Assigned Special Tax rates for Developed Property in each Land Use Class are shown in the table below.

**Assigned Special Tax Rates
Fiscal Year 2014-15**

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential	> 3,300 sq. ft.	\$2,683.00 per unit
2	Residential	3,151-3,300 sq. ft.	2,503.81 per unit
3	Residential	3,001-3,150 sq. ft.	2,452.61 per unit
4	Residential	2,851 -3,000 sq. ft.	2,427.02 per unit
5	Residential	2,701 -2,850 sq. ft.	2,331.93 per unit
6	Residential	2,551-2,700 sq. ft.	2,263.67 per unit
7	Residential	2,401 - 2,550 sq. ft.	2,195.40 per unit
8	Residential	2,251 - 2,400 sq. ft.	1,784.60 per unit
9	Residential	2,101 - 2,250 sq. ft.	1,741.94 per unit
10	Residential	1,951 - 2,100 sq. ft.	1,699.27 per unit
11	Residential	1,801- 1,950 sq. ft.	1,561.53 per unit
12	Residential	<= 1,800 sq. ft.	1,314.07 per unit
13	Non-Residential	N/A	\$17,374.32 per acre

Backup Special Tax Rate. The Fiscal Year 2014-15 Backup Special Tax for an Assessor's Parcel of Developed Property equals \$0.3988 per square foot of land area within the Assessor's Parcel.

Annual Increases. On each July 1, the Assigned Special Tax and the Backup Special Tax will be increased by an amount equal to 2% of the amount in effect for the previous Fiscal Year.

Multiple Land Use Classes. In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel will be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel will be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an

Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel will be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property will be final.

Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property. The Fiscal Year 2014-15 Maximum Special Tax for Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property is \$17,374.32 per Acre.

On each July 1, the Maximum Special Tax for Undeveloped Property, Taxable Public Property and Taxable Property Owner Association Property will be increased by an amount equal to 2% of the amount in effect for the previous Fiscal Year.

Method of Apportionment of the Special Tax. Under the Rate and Method, for each Fiscal Year, the City will determine the Special Tax Requirement and levy the Special Taxes until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax will be levied each Fiscal Year as follows:

First: The Special Tax will be levied on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax.

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax will be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property.

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax will be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel.

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax will be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to the Maximum Special Tax for Taxable Public Property and Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than 10% as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the District. See "SPECIAL RISK FACTORS – Potential Consequences of Future Special Tax Delinquencies."

Exemptions. No Special Tax will be levied on up to 92.3 Acres of Public Property and/or Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property

Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property, its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from the Special Tax under this provision of the Rate and Method will be subject to the levy of the Special Tax and will be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property or Taxable Property Owner Association Property.

Appeals and Interpretations. Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to the District. The CFD Administrator will review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied will be appropriately modified.

The City Council may interpret the Rate and Method for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the City Council will be final and binding as to all persons.

Prepayment of Special Tax. The obligation of an Assessor's Parcel to pay the Bond Portion of the Special Tax (as defined in the Rate and Method) may be prepaid, in full or in part, provided the conditions set forth in the Rate and Method are satisfied. See APPENDIX B.

Covenant to Foreclose

Sale of Property for Nonpayment of Taxes. The Fiscal Agent Agreement provides that, in general, the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described below and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ad valorem property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is subject to sale by the County.

Foreclosure Under Mello-Roos Act. Under Section 53356.1 of the Act, if any delinquency occurs in the payment of the Special Tax, the City may order the institution of a Superior Court action to foreclose the lien therefor within specified time limits. In such an action, the real property subject to the unpaid amount may be sold at judicial foreclosure sale.

While judicial foreclosure is not mandatory, the City will agree in the Fiscal Agent Agreement that, on or about August 1 of each Fiscal Year, the Finance Director will compare the amount of Special Taxes previously levied in the District to the amount of Special Tax Revenues received by the City, and if delinquencies have occurred, proceed as follows:

Individual Delinquencies. If the Finance Director determines that any single parcel subject to the Special Tax in the District is delinquent in the payment of Special Taxes in the aggregate amount of \$5,000 or more, then the Finance Director will send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 90 days of such determination. Notwithstanding the foregoing, in its sole discretion, the Finance

Director may defer such action if the amount in the Reserve Fund is at least equal to the Reserve Requirement.

Aggregate Delinquencies. If the Finance Director determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire District, (including the total individual delinquencies described above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the Finance Director will notify or cause to be notified all property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and will commence foreclosure proceedings within 90 days of such determination against each parcel of land in the District with a Special Tax delinquency.

Sufficiency of Foreclosure Sale Proceeds; Foreclosure Limitations and Delays.

No assurances can be given that the real property subject to a judicial foreclosure sale will be sold or, if sold, that the proceeds of sale will be sufficient to pay any delinquent Special Tax installment. The Act does not require the City to purchase or otherwise acquire any lot or parcel of property foreclosed upon if there is no other purchaser at such sale.

Section 53356.6 of the Act requires that property sold by foreclosure be sold for not less than the amount of judgment in the foreclosure action, plus post-judgment interest and authorized costs, unless the consent of the owners of 75% of the outstanding 2014 Bonds is obtained. However, under Section 53356.6 of the Act, the City, as judgment creditor, is entitled to purchase any property sold at foreclosure using a "credit bid," where the City could submit a bid crediting all or part of the amount required to satisfy the judgment for the delinquent amount of the Special Tax. If the City becomes the purchaser under a credit bid, the City must pay the amount of its credit bid into the Bond Fund, but this payment may be made up to 24 months after the date of the foreclosure sale.

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent on the nature of any defense by the debtor and the Superior Court calendar. Also, the ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner if the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "FDIC"). See "SPECIAL RISK FACTORS – Exempt Properties."

No Teeter Plan. Collection of the Special Taxes is not subject to the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds," as provided for in Section 4701 et seq. of the California Revenue and Taxation Code (known as the "Teeter Plan"). Accordingly, collections of Special Taxes will reflect actual delinquencies, if any. See "THE DISTRICT – Delinquencies."

Special Tax Fund

Deposits. Under the Fiscal Agent Agreement, the City must remit, immediately upon receipt, all Special Tax Revenue received by it to the Fiscal Agent for deposit into the Special Tax Fund. The Fiscal Agent will hold moneys in the Special Tax Fund for the benefit of the City and the Owners of the 2014 Bonds and will disburse those moneys as described below. Pending any disbursement, moneys in the Special Tax Fund will be subject to a lien in favor of the Owners of the 2014 Bonds.

Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses will be separately identified by the Finance Director and will be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes will be separately identified by the Finance Director and will be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due debt service on the 2014 Bonds; second, for transfer to the Reserve Fund to the extent needed to increase the amount then on deposit in the Reserve Fund up to the then-applicable Reserve Requirement; and third, to be held in the Special Tax Fund for use as described below; and

(iii) any proceeds of Special Tax Prepayments will be separately identified by the Finance Director and will be deposited by the Fiscal Agent in the Special Tax Prepayments Account.

Disbursements. On the fifth Business Day prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers to the Bond Fund from the Reserve Fund and the Special Tax Prepayments Account, such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the 2014 Bonds on such Interest Payment Date and any past due principal or interest on the 2014 Bonds not theretofore paid from the collection of Special Tax delinquencies described in subparagraph (ii) under "Deposits" above, and

(ii) to the Reserve Fund and any other debt service reserve fund established for any Parity Bonds, an amount, taking into account amounts then on deposit in the Reserve Fund or such other reserve fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement and the amount in such other reserve fund is equal to the applicable reserve requirement, and

(iii) to the City, the remaining amount, which will be used by the City for any lawful purpose, including the payment of authorized services.

Authorized services are payable from Special Taxes only after the payment of debt service on the Bonds, meaning that the amount of Special Taxes levied for authorized services in any Fiscal Year provides debt service coverage for the Bonds during that Fiscal Year.

Bond Fund

Deposits. The Fiscal Agent will hold the moneys in the Bond Fund for the benefit of the City and the Owners of the 2014 Bonds, and will disburse those funds for the payment of the principal of, and interest and any premium on, the 2014 Bonds as described below.

The Fiscal Agent Agreement also creates in the Bond Fund a separate account to be held by the Fiscal Agent, designated the "Special Tax Prepayments Account," to the credit of which deposits of Special Tax Prepayments will be made, as described above.

Disbursements. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the 2014 Bonds the principal of, and interest and any premium, due and payable on such Interest Payment Date on the 2014 Bonds.

At least 5 Business Days prior to each Interest Payment Date, the Fiscal Agent will determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the 2014 Bonds on the next Interest Payment Date. If amounts in the Bond Fund are insufficient for this purpose, the Fiscal Agent promptly will notify the Finance Director by telephone (and confirm in writing) of the amount of the insufficiency, and withdraw from the Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency, and deposit these amounts in the Bond Fund.

If, after the foregoing transfers, there are insufficient funds in the Bond Fund to make the payments of the principal of, and interest and any premium, due and payable on the 2014 Bonds, the Fiscal Agent will apply the available funds first to the payment of interest on the 2014 Bonds, then to the payment of principal due on the 2014 Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the 2014 Bonds by reason of sinking payments.

Reserve Fund

Establishment. Under the Fiscal Agent Agreement, the Reserve Fund is established as a separate fund to be held by the Fiscal Agent to the credit of which certain proceeds of the 2014 Bonds will be deposited in an amount equal to the "**Reserve Requirement**" for the 2014 Bonds, as defined below. (See "ESTIMATED SOURCES AND USES OF FUNDS"). Thereafter, deposits will be made to replenish the Reserve Fund as provided in the Fiscal Agent Agreement.

Moneys in the Reserve Fund will be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for the payment of the principal of, and interest and any premium on, the Bonds, and will be subject to a lien in favor of the Owners of the Bonds.

Reserve Requirement. The Fiscal Agent Agreement defines the Reserve Requirement, as of the date of any calculation, as the least of:

(i) 85% of Maximum Annual Debt Service on the Outstanding Bonds covered by the Reserve Fund,

(ii) 125% of average Annual Debt Service on the Outstanding Bonds covered by the Reserve Fund and

(iii) 10% of the original principal amount of the Bonds covered by the Reserve Fund.

Disbursements. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest and any premium on, the Bonds covered by the Reserve Fund or, in accordance with the provisions of this Section, for the purpose of redeeming Bonds from the Bond Fund. See APPENDIX C for a description of the timing, purpose and manner of disbursements from the Reserve Fund.

Investment of Moneys in Funds

Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent or the Finance Director will be invested by the Fiscal Agent or the Finance Director, as applicable, in Permitted Investments. See APPENDIX C for a definition of "Permitted Investments."

Parity Bonds for Refunding Purposes Only

Under the Fiscal Agent Agreement, the City will covenant that it will not issue any Parity Bonds except "**Refunding Bonds**," which are defined as bonds issued by the City for the District, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that (A) the interest cost to maturity of the Refunding Bonds plus the principal amount of the Refunding Bonds is less than the interest cost to maturity of the bonds being refunded plus the principal amount of the bonds being refunded, and (B) the final maturity of the Refunding Bonds is not later than the final maturity of the bonds being refunded.

Refunding Bonds may be issued subject to the conditions set forth in the Fiscal Agent Agreement. See APPENDIX C.

Subordinate Bonds

Under the Fiscal Agent Agreement, the City may issue bonds or other debt secured by a pledge of Special Tax Revenues, including bonds issued to refund all or a portion of any then-outstanding Bonds, subordinate to the pledge of such Special Tax Revenues securing the 2014 Bonds.

Limits on Special Tax Waivers and Bond Tenders

The City will covenant in the Fiscal Agent Agreement not to exercise its rights under the Act to waive delinquency and redemption penalties related to the Special Taxes or to declare Special Tax penalties amnesty program if to do so would materially and adversely affect the interests of the Owners of the 2014 Bonds.

The City will further covenant not to permit the tender of 2014 Bonds in payment of any Special Taxes except upon receipt of a certificate of an Independent Financial Consultant that to accept such tender will not result in the City having insufficient Special Tax Revenues to pay the principal of and interest on the 2014 Bonds and any Parity Bonds remaining Outstanding following such tender.

THE DISTRICT

Background and Formation

Background. The Act provides an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. The Act authorizes local governmental entities to establish community facilities districts as legally constituted governmental entities within defined boundaries, with the legislative body of the local applicable governmental entity acting on behalf of the district. Subject to approval by at least a two-thirds vote of the votes cast by the qualified electors within a district and compliance with the provisions of the Act, the legislative body may issue bonds for the community facilities district established by it and may levy and collect a special tax within such district to repay such bonds.

Formation and History. The City formed the District under the Act on March 23, 2005, following a public hearing. At a subsequent landowner election, the qualified electors of the District authorized the District to incur bonded indebtedness in the maximum principal amount of \$25,000,000 and approved the levy of special taxes within the District under the Rate and Method.

The District was created as part of a plan to refinance and restructure debt of a community facilities district previously formed by the City entitled “Community Facilities District No. 91-3 of the City of Hesperia (**CFD No. 91-3**)” which, as of March 2, 2005 was in default in the payment of \$7,214,312.49 interest and \$1,470,000 principal on its \$9,880,000 Special Tax Bonds issued in 1992 (the **“1992 Bonds”**).

The District encompasses approximately 242 acres of property, which is within the original CFD No. 91-3 boundaries, that was acquired by the City through foreclosure in April 2004. Through the issuance of the 2005 CFD Bonds and the 2005 PFA Bonds, the lien of CFD No. 91-3 on the property within the District was satisfied, and the 1992 Bonds were defeased in full.

Location and Description of the District

The District is generally located in the western portion of the City, southeast of Interstate 15. The District currently contains 1,038 parcels of Taxable Property, of which 153 parcels are classified as Undeveloped Property and the remaining parcels are classified as Developed Property for Fiscal Year 2014-15. See “–Major Land Owners” below.

The land within the District is primarily developed with a community known as “Mission Crest.” The development was first approved in 1989. The development approvals called for 940 residential lots, as well as lots zoned for commercial and office uses. Bonds issued with respect to CFD No. 91-3 financed approximately \$10 million in infrastructure improvements, but no development occurred. Development began in 2005, when Frontier Homes bought the property out of foreclosure. The development plans put forward by Frontier Homes called for 1,038 homes. Between approximately 2005 and 2007, with the exception of 6 homes that were built in 2013 and 25 lots that (according to County records) have had building permits pulled but have no structural value, all of the parcels of Developed Property were built and sold. Presently, there are 860 parcels of Developed Property that have a structural value according to County records. There was no development activity between 2007 and 2013 and there is no current development activity.

Community amenities currently include an elementary school (Mission Crest Elementary School) a joint use park (which the school uses during the day and the City uses at night), and a landscaped walkway throughout the development.

Building permits within the District were primarily pulled in 2005 through the end of 2008. Building permits that had been issued for certain lots during that time have since expired, and no building permits have been pulled since March 2009.

Infrastructure improvements and development fees required in order for a developer to build out the vacant lots include the following: streets must be capped; curbs, gutters and sidewalks must be completed; the lots must annex into a lighting and landscaping district for landscaping and lighting maintenance; and development impact fees of \$11,065, park fees of \$4,090, and school fees of \$4.94/square foot must be paid, some at building permit and some at final inspection.

Land Use Distribution

Fiscal Year 2014-15. The following table shows the distribution of land uses of Taxable Property within the District based on the Fiscal Year 2014-15 Special Tax levy, the outstanding principal amount of the 2005 CFD Bonds, and Fiscal Year 2014-15 assessed values.

Table 1A
Distribution of Land Uses
Fiscal Year 2014-15
(Taxable Property)

Land Uses	Residential Floor Area	Number of Parcels ^[1]	2014-15 Maximum Special Tax Rates	2014-15 Maximum Special Tax	2014-15 Actual Special Tax Rates ^[2]	2014-15 Special Tax Levy	% of Total Special Tax	Pro Rata Share of 2005 CFD Bonds	2014-15 Assessed Valuation ^[3]	Value-to-Lien Ratio
1	>3,300 sq. ft.	49	\$2,683.00	\$131,467.00	\$2,683.00	\$131,467.00	6.72%	\$1,321,092.09	\$9,447,130	7.15
2	3,151-3,300 sq. ft.	22	2,503.81	55,083.82	2,503.81	55,083.82	2.82	553,529.01	3,768,823	6.81
3	3,001-3,150 sq. ft.	82	2,452.61	201,114.02	2,452.61	201,114.02	10.29	2,020,964.51	15,219,288	7.53
4	2,851-3,000 sq. ft.	71	2,427.02	172,317.71	2,427.02	172,317.71	8.81	1,731,594.72	12,626,895	7.29
5	2,701-2,850 sq. ft.	134	2,331.93	312,478.62	2,331.93	312,478.62	15.98	3,140,050.60	23,264,175	7.41
6	2,551-2,700 sq. ft.	96	2,263.67	217,312.32	2,263.67	217,312.32	11.12	2,183,738.78	15,749,781	7.21
7	2,401-2,550 sq. ft.	140	2,195.40	307,356.00	2,195.40	307,356.00	15.72	3,088,574.17	22,020,959	7.13
8	2,251-2,400 sq. ft.	136	1,784.60	242,705.60	1,784.60	242,705.60	12.41	2,438,912.03	21,725,644	8.91
9	2,101-2,250 sq. ft.	28	1,741.94	48,774.32	1,741.94	48,774.32	2.49	490,125.80	4,163,126	8.49
10	1,951-2,100 sq. ft.	58	1,699.27	98,557.66	1,699.27	98,557.66	5.04	990,391.09	6,945,663	7.01
11	1,801-1,950 sq. ft.	49	1,561.53	76,514.97	1,561.53	76,514.97	3.91	768,887.41	6,434,099	8.37
12	<=1,800 sq. ft.	20	1,314.07	26,281.40	1,314.07	26,281.40	1.34	264,097.83	2,557,008	9.68
<i>Developed Property Subtotal</i>		885		1,889,963.44		1,889,963.44	96.68	18,991,958.03	143,922,591	7.58
			\$17,374.32		\$2,785.09					
Undeveloped		153	/acre	405,408.78	/acre	64,986.74	3.32	653,041.97	1,482,032	2.27
Total		1,038		\$2,295,372.22		\$1,954,950.18	100.00	\$19,645,000.00	\$145,404,623	7.40

[1] Excludes parcels that are exempt from the Special Tax.

[2] In Fiscal Year 2014-15, all parcels of Developed Property were taxed at the maximum allowable rate under the Rate and Method.

[3] Assessed values as of January 1, 2014, provided by the County Assessor. Assessed value is calculated as the sum of land value and improvement value. Two parcels in the District are owned by public agencies and are subject to the Special Taxes but are exempt from ad valorem property taxation; accordingly, these parcels have no assessed valuation. See "Value-to-Lien Ratios" below.

Source: NBS.

Projected Fiscal Year 2015-16. The following table shows the projected distribution of land uses of Taxable Property within the District based on the projected Fiscal Year 2015-16 Special Tax levy, the initial principal amount of the 2014 Bonds, and Fiscal Year 2014-15 assessed values, assuming no further development in the District. No Special Taxes are projected to be levied on Undeveloped Property in Fiscal Year 2015-16. It should be noted that 25 parcels (responsible for approximately 2.5% of the projected Fiscal Year 2015-16 Special Taxes) are classified as Developed Property under the Rate and Method because they had previously been issued building permits, but remain undeveloped (the County Assessor has assigned land values to these parcels but no structure values).

**Table 1B
Distribution of Land Uses
Projected Fiscal Year 2015-16
(Taxable Property)**

Land Uses	Residential Floor Area	Number of Parcels ^[1]	Projected 2015-16 Maximum Special Tax Rates	Projected 2015-16 Maximum Special Tax	Projected 2015-16 Special Tax Rates	Projected 2015-16 Special Tax Levy	% of Total Special Tax	Pro Rata Share of 2014 Bonds	2014-15 Assessed Valuation ^[2]	Value-to-Lien Ratio
1	>3,300 sq. ft.	49	\$2,736.66	\$134,096.34	\$2,361.42	\$115,709.58	6.96%	\$1,283,394.01	\$9,447,130	7.36:1
2	3,151-3,300 sq. ft.	22	2,553.89	56,185.58	2,203.70	48,481.40	2.91	537,732.25	3,768,823	7.01:1
3	3,001-3,150 sq. ft.	82	2,501.66	205,136.12	2,158.64	177,008.48	10.64	1,963,295.16	15,219,288	7.75:1
4	2,851-3,000 sq. ft.	71	2,475.55	175,764.05	2,136.10	151,663.10	9.12	1,682,185.13	12,626,895	7.51:1
5	2,701-2,850 sq. ft.	134	2,378.57	318,728.38	2,052.42	275,024.28	16.53	3,050,449.55	23,264,175	7.63:1
6	2,551-2,700 sq. ft.	96	2,308.94	221,658.24	1,992.34	191,264.64	11.50	2,121,428.54	15,749,781	7.42:1
7	2,401-2,550 sq. ft.	140	2,239.31	313,503.40	1,932.26	270,516.40	16.26	3,000,433.63	22,020,959	7.34:1
8	2,251-2,400 sq. ft.	136	1,820.29	247,560.80	1,570.70	213,615.20	12.84	2,369,318.58	21,725,644	9.17:1
9	2,101-2,250 sq. ft.	28	1,776.78	49,749.84	1,533.14	42,927.92	2.58	476,140.02	4,163,126	8.74:1
10	1,951-2100 sq. ft.	58	1,733.26	100,529.08	1,495.60	86,744.80	5.21	962,123.21	6,945,663	7.22:1
11	1,801-1,950 sq. ft.	49	1,592.76	78,045.24	1,374.36	67,343.64	4.05	746,939.95	6,434,099	8.61:1
12	<=1,800 sq. ft.	20	1,340.35	26,807.00	1,156.56	23,131.20	1.39	256,559.96	2,557,008	9.97:1
Developed Property Subtotal		885		1,927,764.07		1,663,430.64	100.00	18,450,000.00	143,922,591	7.80:1
Undeveloped		153	\$17,721.81/acre	413,516.31	0.00/acre	0.00	0.00	0.00	1,482,032	NA
Total		1,038		\$2,341,280.38		\$1,663,430.64	100.00	\$18,450,000.00	\$145,404,623	7.88:1

[1] Excludes parcels that are exempt from the Special Tax and assumes no further development of property in the District.

[2] Assessed values as of January 1, 2014, provided by the County Assessor. Assessed value is calculated as the sum of land value and improvement value. Two parcels in the District are owned by public agencies and are subject to the Special Taxes but are exempt from ad valorem property taxation; accordingly, these parcels have no assessed valuation. See "Value-to-Lien Ratios" below.

Source: NBS.

Assessed Property Values

No Appraisal of Property in the District. The City has not commissioned an appraisal of the Taxable Property in the District in connection with the issuance of the 2014 Bonds. Therefore, the valuation of the taxable property in the District set forth in this Official Statement is based on the County Assessor's Fiscal Year 2014-15 assessed values.

Assessed Valuation. The valuation of real property in the County is established by the County Assessor. Assessed valuations are reported at 100% of the "full cash value" of the property, which is defined in Article XIII A of the California Constitution as the appraised value as of March 1, 1975, plus adjustments not to exceed 2% per year to reflect inflation. An assessment of "full cash value" is required upon change of ownership or new construction.

Accordingly, the gross assessed valuation presented in this Official Statement may not necessarily be representative of the actual market value of certain property in the District.

Historic Assessed Valuation in the District. The table below sets forth historic assessed values within the District since Fiscal Year 2006-07.

Table 2
History of Assessed Values
(Taxable Property)

Fiscal Year	Net Assessed Value^[1]	Increase/(Decrease) in Net Assessed Value
2006-07	\$ 74,382,095	N/A
2007-08	282,751,104	280.13%
2008-09	263,575,812	-6.78
2009-10	162,584,382	-38.32
2010-11	133,893,582	-17.65
2011-12	132,887,300	-0.75
2012-13	132,382,448	-0.38
2013-14	136,011,250	2.74
2014-15	145,404,623	6.91

[1] Assessed values as of January 1 of fiscal year shown provided by the County Assessor. Assessed value is calculated as the sum of land value and improvement value. Excludes parcels, if any, for which Special Tax obligation has been prepaid.

Source: NBS.

Proposition 8 Reductions. Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for the owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "**Proposition 8 appeal**"). In addition to reductions in assessed value resulting from Proposition 8 appeals, Proposition 8 also allows assessors to reduce assessed value unilaterally to reflect reductions in market value.

Beginning in tax year 2009-10 and continuing through tax year 2013-14, the Assessor reduced the assessed value of 28,050 properties in the City under Proposition 8 by a total of \$1,543,632,409 City-wide.

The Assessor selected the properties to be reviewed based on one or more of the following: (i) the property had either a total or partial change in ownership on or after January 1, 2001, (ii) the property had new construction completed on or after January 1, 2001, or (iii) the

property owner filed an application with the County Assessor's office for a Proposition 8 reduction.

This information is included to provide historical context for the assessed valuations set forth in this Official Statement. The Special Taxes are not levied based on the assessed valuation of the Taxable Property in the District. See "SECURITY FOR THE 2014 BONDS – Rate and Method."

Value-to-Lien Ratios

General Information Regarding Value-to-Lien Ratios. The value-to-lien ratio on bonds secured by special taxes will generally vary over the life of those bonds as a result of changes in the value of the property that is security for the special taxes and the principal amount of the bonds.

In comparing the aggregate assessed value of the real property within the District and the principal amount of the 2014 Bonds, it should be noted that an individual parcel may only be foreclosed upon to pay delinquent installments of the Special Taxes attributable to that parcel. The principal amount of the 2014 Bonds is not allocated pro-rata among the parcels within the District; rather, the total Special Taxes have been allocated among the parcels within the District according to the Rate and Method.

Economic and other factors beyond the property owners' control, such as economic recession, deflation of land values, financial difficulty or bankruptcy by one or more property owners, or the complete or partial destruction of Taxable Property caused by, among other possibilities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District. See "SPECIAL RISK FACTORS - Property Value" and "Bankruptcy Delays."

Aggregate Value-to-Lien Ratio. The aggregate value-to-lien ratio of Taxable Property in the District, based on Fiscal Year 2014-15 assessed values (\$145,404,623) and the initial principal amount of the 2014 Bonds (\$18,450,000) is 7.88:1.

California Municipal Statistics, Inc., reports that there is no overlapping special tax or assessment debt. There is, however, overlapping general obligation debt, and the properties in the District are subject to a number of taxes, direct charges and assessments. See "—Direct and Overlapping Governmental Obligations" below.

Value-to-Lien Ratio Distribution Based on Projected 2015-16 Special Tax Levy. The following table sets forth the distribution of assessed value-to-lien ratios based on Fiscal Year 2014-15 assessed values and the projected lien of the 2014 Bonds, which has been allocated based on the projected Fiscal Year 2015-16 Special Tax levy. Although the Fiscal Year 2014-15 Special Taxes were levied in part on Undeveloped Property, this table reflects the City's assumption that no Undeveloped Property will be subject to the levy of the Special Taxes in Fiscal Year 2015-16. This table assumes no further development within the District.

Table 3
Distribution of Value-to-Lien Ratios
Based on Projected Fiscal Year 2015-16 Special Tax Levy

Value-to-Lien Ratio Category	Parcel Count	2014-15 Assessed Value [1]	% of Total Value	Pro Rata Share of 2014 Bonds [2]	% of 2014 Bonds
15:1 and above	3	\$882,718	0.61%	\$ 49,348.74	0.27%
10:1 – 14.99:1	85	15,892,242	10.93	1,467,077.17	7.95
5:1 - 9.99:1	767	126,591,573	87.06	16,388,525.19	88.83
3:1 - 4.99:1	3	343,558	0.24	71,566.01	0.39
Less than 3:1 [3]	25	212,500	0.15	473,482.89	2.57
Publicly Owned [4]	2	0	0.00	0.00	0.00
Total	885	\$143,922,591	98.98	\$18,450,000.00	100.00%

[1] Assessed values as of January 1, 2014, provided by the County Assessor. Assessed value is calculated as the sum of land value and improvement value.

[2] Allocated based on the projected Fiscal Year 2015-16 Special Tax levy, which is anticipated to be levied only on Developed Property.

[3] Represents parcels that are classified as Developed Property under the Rate and Method because they had previously been issued building permit, but which remain undeveloped (the County Assessor has assigned land values to these parcels but no structure values), including certain parcels for which the building permits have expired.

[4] These parcels are owned by public agencies and are subject to the Special Taxes but are exempt from ad valorem property taxation; accordingly, these parcels have no assessed valuation.

Source: NBS.

Major Land Owners

The following table lists the top 10 payers of Special Taxes in the District with respect to Taxable Property for Fiscal Year 2014-15, based on the Fiscal Year 2014-15 Special Tax levy and assessed values.

Table 4
Summary of Top 10 Taxpayers
Fiscal Year 2014-15
(Taxable Property)

Name	No. of Parcels	Development Status	Actual Special Taxes Levied	Percentage of FY 2014-15 Special Taxes	FY 2014-15 Assessed Value ^[1]
DESERT-CANDLE LP	117	Undeveloped	\$46,551.84	2.38%	\$1,011,908
DESERT-CANDLE LP ^[2]	25	Developed	44,522.20	2.28	212,500
<i>Subtotal DESERT-CANDLE LP</i>	142		91,074.04	4.66	1,224,408
C AND C PROPERTIES	36	Undeveloped	18,434.90	0.94	470,124
C AND C PROPERTIES ^[2]	5	Developed	12,995.66	0.66	904,587
<i>Subtotal C AND C PROPERTIES</i>	41		31,430.56	1.61	1,374,711
MAAT INVESTMENTS LLC	11	Developed	23,653.22	1.21	1,714,909
YAO KATHIE FAMILY TR 9/21/12	5	Developed	12,345.92	0.63	763,451
BANG STEIN T	4	Developed	9,569.06	0.49	742,462
SAMDARIA LALIT	3	Developed	7,346.84	0.38	505,786
LIU XIAO DONG	3	Developed	7,143.26	0.37	433,832
HCX GROUP LLC	3	Developed	6,859.24	0.35	505,143
BERA SAMIR	3	Developed	6,500.86	0.33	427,532
T3 PROPERTIES LLC	2	Developed	4,930.80	0.25	373,844
Total	217		\$200,854.00	10.27%	\$8,066,078

[1] Assessed values as of January 1, 2014, provided by the County Assessor. Assessed value is calculated as the sum of land value and improvement value.

[2] Includes parcels that are classified as Developed Property under the Rate and Method because they had previously been issued building permit, but which remain undeveloped (the County Assessor has assigned land values to these parcels but no structure values), including certain parcels for which the building permits have expired.

Source: NBS.

Delinquencies

Collection and Delinquency History. The following table shows a history of Special Tax levies, collections and delinquency rates since Fiscal Year 2006-07, based on amounts levied and outstanding delinquencies as of June 30 each Fiscal Year, and updated as of October 3, 2014.

Table 5
Special Tax Collections and Delinquencies

Fiscal Year	Amount Levied	Parcels Levied	Fiscal Year Delinquencies (June 30) ⁽¹⁾			Delinquencies as of October 3, 2014		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Parcels Delinquent	Amount Delinquent	Percent Delinquent
2006-07	\$1,407,686.00	920	247	\$345,842.77	24.57%	257 ⁽²⁾	\$43,744.08	3.11%
2007-08	1,752,199.16	1,021	317	444,017.76	25.34	2	3,086.53	0.18
2008-09	1,937,771.98	1,038	301	485,300.50	25.04	5	7,581.65	0.39
2009-10	2,014,029.62	1,038	69	106,462.25	5.29	5	9,329.44	0.46
2010-11	1,853,647.78	1,038	43	63,680.22	3.44	3	4,421.29	0.24
2011-12	1,834,222.44	1,038	77	68,695.49	3.75	7	13,077.70	0.71
2012-13	1,866,837.30	1,038	72	67,508.39	3.62	1	857.65	0.05
2013-14	1,912,167.44	1,038	24	40,364.61	2.11	14	25,233.63	1.32

(1) As of June 30 of each Fiscal Year shown.

(2) In Fiscal Year 2006-07, after the property tax bills had been finalized, the City made a correction to the total Special Tax amount for a number of parcels by mailing 663 invoices for the additional Special Tax amount directly to the affected property owners. The City is not actively pursuing enforcement of these direct bills (which were not collected on the property tax roll) due to the small per-parcel amount of each delinquency. Currently, 256 of these direct bills remain delinquent for a total balance of \$41,753.80.

Source: NBS.

Enforcement and Foreclosure Actions. Starting with the Fiscal Year 2006-07 Special Tax levy, the City has commenced foreclosure actions against 47 parcels with Special Tax delinquencies. The City currently is pursuing enforcement actions against 7 parcels with Special Tax delinquencies.

Current Special Tax Levy

The following table summarizes the fiscal year 2014-15 Special Tax levy for the District.

Table 6
Summary of Fiscal Year 2014-15 Special Tax Levy

Number of Parcels	Maximum Special Tax ⁽¹⁾	Fiscal Year 2014-15 Special Tax Levy ⁽²⁾	Fiscal Year 2014-15 Special Tax Levy as a Percentage of Maximum Special Tax ⁽³⁾
1,038	\$2,295,372.22	\$1,954,950.18	85.17%

(1) Reflects Special Tax rates prescribed by the District's Rate and Method. However, pursuant to Government Code § 53321(d), the Special Tax for public facilities levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within the District by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults.

(2) Reflects debt service on the District's Prior Special Tax Bonds, \$475,873.35 for public safety services authorized to be funded by the Special Taxes, and Administrative Expenses in the amount of \$25,846.93.

(3) Fiscal Year 2014-15 Special Tax Levy column divided by Maximum Special Tax column.

Source: NBS.

Direct and Overlapping Governmental Obligations

Taxes, Charges and Assessments. The base property tax rate on property in the District is 1.00% (including ad valorem tax overrides). Property in the District is also subject, or will be subject, to certain annual charges and assessments (which are billed to property owners on a semi-annual basis). The following table reflects the tax bills of three separate representative properties in the District for Fiscal Year 2014-15, and are representative of the applicable annual charges and assessments of all tax rate areas in the District.

Table 7
Taxes, Charges and Assessments for Representative Properties
Fiscal Year 2014-15

		Land Use Class 1 3,481 Square Feet	Land Use Class 6 2,582 Square Feet	Land Use Class 1 1,914 Square Feet
Property Values				
Assessed Value		\$228,500	\$196,442	\$139,526
Homeowner's Exemption		(7,000)	(7,000)	(7,000)
Estimated Net Property Values [1]		221,500	189,442	132,526
Ad Valorem Property Taxes	Tax Rate	Amount	Amount	Amount
Basic Levy	1.00000%	2,215.00	1,894.20	1,325.26
Elementary Schools	0.00	0.00	0.00	0.00
High Schools	0.00	0.00	0.00	0.00
Community College	0.0262%	58.03	49.63	34.72
Subtotal Ad Valorem Property Taxes		2,273.03	1,943.83	1,359.98
Assessments, Charges and Special Taxes		Amount	Amount	Amount
CFD No. 2005-1		2,683.30	2,263.96	1,561.82
Hesperia CFD 94-1 [2]		116.18	116.18	116.18
Hesperia Recreation & Park Dist LLD #1		64.30	64.30	64.30
Hesperia Recreation & Park Dist LLD #2W		280.86	280.86	280.86
Mojave Water Bond Debt #1		64.80	47.27	39.24
Mojave Water Bond Debt #2		125.67	108.04	76.73
Subtotal Assessments, Charges and Special Taxes		3,335.11	2,880.61	2,139.13
Total Estimated Property Taxes		\$5,608.14	\$4,824.44	\$3,499.11
Estimated Effective Tax Rate		2.53%	2.55%	2.64%

[1] Net Property Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

[2] This district levies special taxes for fire protection services.

Source: NBS.

Overlapping Public Debt. Contained within the boundaries of the District are certain overlapping local agencies providing public services and assessing property taxes, assessments, special taxes and other charges on the property in the District. Many of these local agencies have outstanding debt.

The current direct and overlapping obligations affecting the property in the District are shown in the following table. The table was prepared by California Municipal Statistics, Inc., and is included for general information purposes only. The City has not reviewed this report for completeness or accuracy and makes no representation in connection therewith.

Table 8
Direct and Overlapping Bonded Debt
As of October 1, 2014

2014-15 Assessed Valuation:\$145,409,824

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/14</u>
Victor Valley Joint Community College District General Obligation Bonds	0.579%	\$ 764,601
City of Hesperia Community Facilities District No. 2005-1	100.000	19,645,000 (1)
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$20,409,601
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Bernardino County General Fund Obligations	0.081%	\$387,195
San Bernardino County Pension Obligations	0.081	369,724
San Bernardino County Flood Control District Certificates of Participation	0.081	78,869
Mojave Water Agency Certificates of Participation	0.496	57,907
Hesperia Unified School District Certificates of Participation	2.613	2,722,879
City of Hesperia Lease Revenue Bonds	100.000	1,163,967
TOTAL OVERLAPPING GENERAL FUND DEBT		\$4,780,541
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>		\$5,524,829
 COMBINED TOTAL DEBT		\$30,714,971 (2)

(1) Excludes issue to be sold.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$19,645,000)13.51%
Total Overlapping Tax and Assessment Debt 14.04%
Combined Total Debt.....21.12%

Source: California Municipal Statistics.

Scheduled Debt Service Coverage

The following table shows scheduled debt service coverage on the 2014 Bonds based on maximum Special Tax Revenues from Developed Property and maximum Special Tax Revenues from all Taxable Property, in each case *less* amounts to be set aside and used for Administrative Expenses, assuming no further development in the District. The amounts shown below include the Special Tax authorized to be levied for public safety services because, under the Fiscal Agent Agreement, Special Taxes are used to pay debt service on the Bonds before they are used to pay for authorized services.

The City can provide no assurances that Special Taxes will be collected when levied, as assumed in this table.

Table 9
Scheduled Debt Service Coverage

2014-15 Maximum Special Tax for Developed Property: \$1,889,963.44
2014-15 Maximum Special Tax for Undeveloped Property: \$405,408.78

Fiscal Year	Maximum Special Tax Revenues - Developed Property [1]	Maximum Special Tax Revenues - Undeveloped Property [1]	Estimated Admin Expenses	Estimated Special Tax Levy [2]	Series 2014 Bonds Debt Service	Debt Service Coverage from Developed Maximum Special Tax Revenues	Debt Service Coverage from Developed & Undeveloped Maximum Special Tax Revenues	Debt Service Coverage from Estimated Special Tax Levy
2014-15	\$1,889,963.44	\$405,408.78	\$25,939.27	\$1,954,950.18	\$1,450,636.49	1.28%	1.56%	1.33%
2015-16	1,927,762.71	413,516.96	26,458.06	1,663,436.37	1,151,587.50	1.65	2.01	1.42
2016-17	1,966,317.96	421,787.29	26,987.22	1,703,173.35	1,181,087.50	1.64	2.00	1.42
2017-18	2,005,644.32	430,223.04	27,526.96	1,733,015.07	1,200,487.50	1.65	2.01	1.42
2018-19	2,045,757.21	438,827.50	28,077.50	1,776,665.62	1,233,487.50	1.64	1.99	1.42
2019-20	2,086,672.35	447,604.05	28,639.05	1,798,529.18	1,244,487.50	1.65	2.01	1.42
2020-21	2,128,405.80	456,556.13	29,211.83	1,844,360.01	1,279,237.50	1.64	2.00	1.42
2021-22	2,170,973.92	465,687.26	29,796.07	1,882,412.46	1,305,987.50	1.64	2.00	1.42
2022-23	2,214,393.39	475,001.00	30,391.99	1,917,940.96	1,329,987.50	1.64	2.00	1.42
2023-24	2,258,681.26	484,501.02	30,999.83	1,955,950.03	1,356,237.50	1.64	2.00	1.42
2024-25	2,303,854.89	494,191.04	31,619.83	1,990,894.28	1,379,187.50	1.65	2.01	1.42
2025-26	2,349,931.99	504,074.86	32,252.22	2,033,628.42	1,409,687.50	1.64	2.00	1.42
2026-27	2,396,930.62	514,156.36	32,897.27	2,073,107.24	1,436,687.50	1.65	2.00	1.42
2027-28	2,444,869.24	524,439.49	33,555.21	2,113,285.63	1,464,137.50	1.65	2.01	1.42
2028-29	2,493,766.62	534,928.28	34,226.32	2,160,381.10	1,498,250.00	1.64	2.00	1.42
2029-30	2,543,641.95	545,626.84	34,910.84	2,205,623.72	1,530,250.00	1.64	2.00	1.42
2030-31	2,594,514.79	556,539.38	35,609.06	2,245,281.19	1,556,400.00	1.64	2.00	1.42
2031-32	2,646,405.09	567,670.17	36,321.24	2,296,408.82	1,593,750.00	1.64	1.99	1.42
2032-33	2,699,333.19	579,023.57	37,047.67	2,333,461.99	1,616,750.00	1.65	2.00	1.42
2033-34	2,753,319.86	590,604.04	37,788.62	2,381,946.23	1,650,900.00	1.64	2.00	1.42
2034-35	2,808,386.25	602,416.12	38,544.39	2,425,917.16	1,680,250.00	1.65	2.01	1.42

[1] Reflects the Maximum Special Tax rates under the Rate and Method, which escalate at 2% per year. See "SECURITY FOR THE 2014 BONDS – Rate and Method." However, pursuant to Government Code § 53321(d), the Special Tax for public facilities levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within the District by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults. Reflects the projected Special Tax levy for debt service on the 2014 Bonds, public safety services authorized to be funded by the Special Taxes, and Administrative Expenses. Assumes no further development.

[2] Reflects the projected Special Tax levy for debt service on the 2014 Bonds, plus public safety services authorized to be funded by the Special Taxes (escalating at 2% per year).

Source: NBS.

See "SPECIAL RISK FACTORS – Levy and Collection of the Special Tax" below for a discussion of the limitations on increases in the Special Tax levy that may lead to the District being unable to levy the Special Taxes at the maximum rates shown above in any given year.

SPECIAL RISK FACTORS

The purchase of the 2014 Bonds described in this Official Statement involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks which should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive and does not purport to be a complete statement of all factors which may be considered as risks in evaluating the credit quality of the 2014 Bonds. There can be no assurance that other risk factors will not become material in the future.

Limited Obligation

The City has no obligation to pay principal of and interest on the 2014 Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. Neither the City nor the District is obligated to advance funds to pay debt service on the 2014 Bonds.

Future Property Development

Continuing development of the undeveloped parcels in the District may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developers, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in the District may also be affected by development in surrounding areas, which may compete with the District.

In addition, partially developed land is less valuable than developed land and provides less security for the 2014 Bonds (and therefore to the owners of the 2014 Bonds) should it be necessary for the City to foreclose on undeveloped property due to the nonpayment of Special Taxes. Moreover, failure to complete future development on a timely basis could adversely affect the land values of those parcels which have been completed. Lower land values result in less security for the payment of principal of and interest on the 2014 Bonds and lower proceeds from any foreclosure sale necessitated by delinquencies in the payment of Special Taxes.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the 2014 Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the 2014 Bonds.

Generally, the City levies Special Taxes at the Assigned Special Tax rate on Developed Property. If delinquencies occur in the receipt of Special Taxes in any Fiscal Year, the City may increase the Special Tax levy up to the maximum rates as permitted in the Rate and Method in

the following fiscal years if determined necessary to cure any delinquencies on the 2014 Bonds. There may be little or no difference between the Assigned Special Tax rate and the maximum rates where the property is all categorized as Developed Property. If the City was to levy Special Taxes on Developed Property at less than the Assigned Annual Special Tax, pursuant to Section 53321 of the Act, under no circumstances will the Special Tax levied against any parcel used for private residential purposes be increased as a consequence of the delinquency or default by the owner of any other parcel or parcels by more than 10%. For such purposes, a parcel will be considered used for private residential purposes not later than the date on which an occupancy permit for private residential use is issued.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax formula set forth in the Rate and Method is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels of Taxable Property and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels of Taxable Property and their proportionate share of debt service on the 2014 Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See “—Property Tax Delinquencies” below. For a summary of recent property tax collection and delinquency rates in the District, see “THE DISTRICT.”

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as provided in the special covenant for foreclosure described in “SECURITY FOR THE 2014 BONDS – Covenant to Foreclose” and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary *ad valorem* property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the 2014 Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See “SECURITY FOR THE 2014 BONDS – Covenant to Foreclose.”

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the “**FDIC**”) the Federal National Mortgage Association (“**Fannie Mae**”), the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”), the Drug Enforcement Agency, the Internal Revenue Service or other similar federal governmental agencies, have or obtain an interest. The FDIC would obtain such an interest by taking over a financial institution which has made a loan which is secured by property within the District, and Fannie Mae or Freddie Mac would obtain such an interest by acquiring a mortgage secured by property within the District. See “ – Exempt Properties – Property Owned by FDIC” below.

Other laws generally affecting creditors’ rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of such military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Property Tax Delinquencies

Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner. Delinquencies can also reflect economic difficulties and duress by the property owner.

Sustained or increased delinquencies in the payment of the Special Taxes could cause a draw on the Reserve Fund established for the 2014 Bonds and perhaps, ultimately, a default in the payment on the 2014 Bonds.

Risks Related to Economic Cycles

The history of development and special tax delinquencies in the District and its predecessor community facilities district, CFD No. 91-3, suggests the cyclical nature of the economy in the City and the impact of the economic cycle on development in the City. There have been two periods of significant delinquencies. The first occurred after CFD No. 91-3 was first formed in 1991. No private development within CFD No. 91-3 occurred until the District was formed in 2005, and during that period the developer did not pay taxes on the property. After formation of the District as part of a workout of the CFD 91-3 delinquencies, all but 175 of the parcels in the District were developed during a two-year period. Since 2007, only 6 of the remaining 175 undeveloped parcels have been developed. The City can provide no assurances that the owners of Taxable Property will pay their Special Taxes or that the remaining parcels of undeveloped property will be developed.

Risks Related to Homeowners With High Loan to Value Ratios

Properties with high loan-to-value ratios in the District could result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the City to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Potential Consequences of Future Special Tax Delinquencies

Future delinquencies in the payment of the Special Taxes could cause a draw on the Reserve Fund established for the 2014 Bonds and perhaps, ultimately, a default in the payment on the 2014 Bonds.

In such an event, the City could receive additional funds for the payment of debt service through foreclosures sales of delinquent property, but no assurance can be given as to the amount of foreclosure sale proceeds or when foreclosure sale proceeds would be received. The City has covenanted in the Fiscal Agent Agreement to commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described herein. See “SECURITY FOR THE 2014 BONDS — Covenant to Foreclose.”

Special Tax Enforcement and Collection Procedures. Foreclosure actions would include, among other steps, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment, and formal action to authorize commencement of foreclosure proceedings. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of the Special Tax, the City may not increase Special Tax levies to make up for delinquencies for prior fiscal years above the Maximum Special Tax rates specified in the Rate and Method.

In addition, the City’s ability to increase Special Tax levies on residential property to make up for delinquencies for prior Fiscal Years is limited by Government Code § 53321(d), which provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults.

In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the 2014 Bonds.

Payment of Special Tax is not a Personal Obligation of the Property Owners

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the City, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the City has no recourse against the owner.

Assessed Valuations

The City has not commissioned an appraisal of the parcels in the District in connection with the issuance of the 2014 Bonds. Therefore, the estimated valuation of the Taxable Property in the District set forth in this Official Statement are based on the County Assessor's values. The assessed value is not an indication of what a willing buyer might pay for a property. The assessed value is not evidence of future value because future facts and circumstances may differ significantly from the present.

No assurance can be given that any of the Taxable Property in the District could be sold for the assessed value if that property should become delinquent and subject to foreclosure proceedings.

Property Values

The value of Taxable Property within the District is a critical factor in determining the investment quality of the 2014 Bonds. If a property owner defaults in the payment of the Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, landslides, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the District.

Risks Related to Availability of Mortgage Loans. In recent years, events in the national and world-wide capital markets has adversely affected the availability of mortgage loans to homeowners. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements. The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity.

Other natural disasters could include, without limitation, floods, landslides, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or

replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Legal Requirements. Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the City is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The tables in the section entitled “DISTRICT – Direct and Overlapping Governmental Obligations” shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the 2014 Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the 2014 Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro-rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See “– Bankruptcy and Foreclosure Delays” below.

Exempt Properties

Exemptions Under Rate and Method and the Act. Certain properties are exempt from the Special Tax in accordance with the Rate and Method and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See “SECURITY FOR THE 2014 BONDS – Rate and Method.”

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

Property Owned by FDIC. The ability of the City to collect interest and penalties specified by State law and to foreclose the lien of a delinquent Special Tax installment may be limited in certain respects with regard to property in which the Federal Deposit Insurance Corporation (the “**FDIC**”) has or obtains an interest. The FDIC has asserted a sovereign immunity defense to the payment of special taxes and assessments. The City is unable to predict what effect this assertion would have in the event of a delinquency on a parcel within the District in which the FDIC has or obtains an interest.

In addition, although the FDIC does not claim immunity from ad valorem property taxation, it requires a foreclosing entity to obtain FDIC's consent to foreclosure proceedings. Prohibiting a foreclosure on property owned by the FDIC could reduce the amount available to

pay the principal of and interest on the 2014 Bonds. Either outcome would cause a draw on the Reserve Fund and perhaps, ultimately, a default in the payment on the 2014 Bonds.

No investigation has been made as to whether the FDIC or any other governmental entity currently owns or has an interest in any property in the District.

Property Owned by Fannie Mae or Freddie Mac. If a parcel of Taxable Property is owned by a federal government entity or federal government-sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of Taxable Property is owned by a federal government entity or federal government-sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited.

Federal courts have held that, based on the supremacy clause of the United States Constitution (“This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding”), in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of Taxable Property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government’s mortgage interest.

No investigation has been made as to whether Fannie Mae, Freddie Mac, or any other governmental entity currently owns or has an interest in any property in the District.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement. See “SECURITY FOR THE 2014 BONDS – Reserve Fund.” The Reserve Fund will be used to pay principal of and interest on the 2014 Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the 2014 Bond owners under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the maximum annual Special Tax rates, it is possible that no replenishment would be possible if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy and Foreclosure Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE 2014 BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the 2014 Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 2014 Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the 2014 Bonds and the possibility of delinquent Special Taxes not being paid in full.

Disclosure to Future Purchasers

The City has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in the District or the lending of money secured by property in the District. The Act requires the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The 2014 Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2014 Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a 2014 Bond owner is given the right for the equal benefit and protection of all 2014 Bond owners similarly situated to pursue certain remedies. See "APPENDIX C – Summary of the Fiscal Agent Agreement." So long as the

2014 Bonds are in book-entry form, DTC will be the sole 2014 Bond owner and will be entitled to exercise all rights and remedies of 2014 Bond holders.

Loss of Tax Exemption

As discussed under the caption “LEGAL MATTERS – Tax Exemption,” interest on the 2014 Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the 2014 Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the 2014 Bonds were to become includable in gross income for purposes of federal income taxation, the 2014 Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See “THE 2014 BONDS – Redemption.”

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the “IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2014 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2014 Bonds might be affected as a result of such an audit of such 2014 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2014 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest.

For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the 2014 Bonds, to a tax payable by certain 2014 Bond owners that are individuals, estates or trusts with adjusted gross income in excess of certain specified thresholds.

The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2014 Bonds. Prospective purchasers of the 2014 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation.

Voter Initiatives and State Constitutional Provisions

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Proposition 218. Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIC and XIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Among other things, Section 3 of Article XIIC states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless the legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt.

Proposition 26. On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIIC of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature.

Article XIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes (“special taxes”) require a two-thirds vote. The Special Taxes and the 2014 Bonds were each authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization, and the statute of limitations period for any challenges to the formation of the District and the levy of the Special Taxes has expired. The City believes, therefore, that issuance of the 2014 Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 have undergone, are likely to undergo, both judicial and legislative scrutiny.

For example, in August 2014, in *City of San Diego. v. Melvin Shapiro*, an Appellate Court invalidated an election held by the City of San Diego to authorize the levying of special taxes on hotels City-wide pursuant to a City charter ordinance creating a convention center facilities district which specifically defined the electorate to consist solely of (1) the owners of real property in the City on which a hotel is located, and (2) the lessees of real property owned by a governmental entity on which a hotel is located. The court held that such landowners and lessees are neither “qualified electors” of the City for purposes of Articles XIII A, Section 4 of the California Constitution, nor a proper “electorate” under Article XIIC, Section 2(d) of the California Constitution. The court specifically noted that the decision did not require the Court to consider the distinct question of whether landowner voting to impose special taxes under Section 53326(b) of the Act (which was the nature of the voter approval through which the District was formed) violates the California Constitution in districts that lack sufficient registered voters to conduct an election among registered voters. Accordingly, this case should have no effect on the levy of the Special Taxes.

The City cannot predict the ultimate outcome or effect of any such judicial scrutiny, legislative actions, or future initiatives. These initiatives, and any future initiatives, may affect the collection of fees, taxes and other types of revenue by local agencies such as the City.

Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the 2014 Bonds.

Secondary Market for 2014 Bonds

There can be no guarantee that there will be a secondary market for the 2014 Bonds or, if a secondary market exists, that any 2014 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the 2014 Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the 2014 Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the 2014 Bonds or obligations that present similar tax issues as the 2014 Bonds.

LEGAL MATTERS

Tax Exemption

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2014 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the 2014 Bonds. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2014 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2014 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a 2014 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2014 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2014 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2014 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2014 Bonds who purchase the 2014 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2014 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2014 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2014 Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the 2014 Bond (said term being the shorter of the 2014 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2014 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2014 Bond is amortized each year over the term to maturity of the 2014 Bond on the basis of a constant interest rate compounded on each interest

or principal payment date (with straight-line interpolations between compounding dates). Amortized 2014 Bond premium is not deductible for federal income tax purposes. Owners of premium 2014 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2014 Bonds.

In the further opinion of Bond Counsel, interest on the 2014 Bonds is exempt from California personal income taxes.

Owners of the 2014 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2014 Bonds other than as expressly described above.

Legal Opinions

Concurrently with the issuance of the 2014 Bonds, Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, will render its opinion substantially in the form set forth in APPENDIX D to this Official Statement. Certain legal matters with respect to the 2014 Bonds will be passed upon for the City and the District by the City Attorney, and for the City by Jones Hall, A Professional Law Corporation, San Francisco, California, acting as Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, Newport Beach, California.

NO RATING

The City has not made, and does not contemplate making, any application to a rating agency for a rating on the 2014 Bonds. No such rating should be assumed from any credit rating that the City may obtain for other purposes. Prospective purchasers of the 2014 Bonds are required to make independent determinations as to the credit quality of the 2014 Bonds and their appropriateness as an investment.

LITIGATION

The City is not aware of any pending or threatened litigation challenging the validity of the 2014 Bonds, the Special Taxes securing the 2014 Bonds, or any action taken by the City in connection with the formation of the District, the levying of the Special Taxes or the issuance of the 2014 Bonds.

VERIFICATION OF MATHEMATICAL ACCURACY

Grant Thornton LLP, Minneapolis, Minnesota, upon delivery of the 2014 Bonds, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them relating to (1) the sufficiency of the anticipated receipts from the monies deposited under the Escrow Agreement to pay, when due, the principal, interest and redemption requirements of the 2005 CFD Bonds and the 2005 PFA Bonds, and (2) the yield on the 2014 Bonds.

UNDERWRITING

The 2014 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated, at a purchase price of \$19,418,553.55 (which represents the aggregate principal amount of the 2014 Bonds (\$18,450,000.00) plus a net original issue premium of \$1,184,991.05 and less an Underwriter's discount of \$216,437.50).

The purchase agreement relating to the 2014 Bonds provides that the Underwriter will purchase all of the 2014 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriter may offer and sell the 2014 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter.

PROFESSIONAL FEES

In connection with the issuance of the 2014 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2014 Bonds. Those professionals include:

- the Underwriter;
- Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel;
- Stradling Yocca Carlson & Rauth, as Underwriter's Counsel;
- MUFG Union Bank, N.A., as Fiscal Agent.

CONTINUING DISCLOSURE

The City will covenant for the benefit of owners of the 2014 Bonds to provide certain financial information and operating data relating to the District and the 2014 Bonds by not later than 9 months after the end of the City's fiscal year, or March 31 each year based on the City's current fiscal year end of June 30 (the "Annual Report") and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in APPENDIX E.

The City has not, on several occasions during the past five years, fully complied with its prior continuing disclosure undertakings under the Rule. Specific instances of noncompliance, which the City has not determined were material or immaterial, include the following:

- With respect to continuing undertakings made in connection with outstanding revenue bonds of the City's Public Financing Authority and former Redevelopment Agency: the City did not timely file listed event notices for changes in the ratings of bond insurers and the underlying rating of the related bonds; the City failed to file timely the Annual Reports for Fiscal Years 2007, 2009 and 2011 and did not file notices of late filings; and the City, as successor agency to the former Redevelopment Agency, filed the Fiscal Year 2012 Annual Report two weeks late.

The City has made additional filings to correct these instances of non-compliance. The City believes it has established processes to ensure it will make required filings on a timely basis in the future.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the City on behalf of the District.

CITY OF HESPERIA, CALIFORNIA,
for and on behalf of
CITY OF HESPERIA COMMUNITY
FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT
RESTRUCTURING)

By: /s/ Mike Podegracz
Mike Podegracz,
City Manager

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APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF HESPERIA AND THE COUNTY OF SAN BERNARDINO

The following information concerning the City of Hesperia and the County of San Bernardino is included only for the purpose of supplying general information. The 2014 Bonds are not a debt of the City of Hesperia, the County, the State or any of its political subdivisions, and neither the City of Hesperia, the County, the State nor any of its political subdivisions is liable therefor.

General

The City. The City of Hesperia (the "City") is located in the Mojave Desert in the southwestern portion of San Bernardino County. The City encompasses approximately 75 square miles, and is located 35 miles north of the City of San Bernardino and 90 miles northeast of the City of Los Angeles. The City was incorporated in 1988 and is governed by a five member City Council under the Council-Manager form of government.

The County. The County of San Bernardino (the "County") is located in the southeastern portion of the State of California (the "State"). It is the fifth most populous County in the State and the twelfth most populous County in the United States, and has a total area of 20,105 square miles. The county seat is the city of San Bernardino. The terrain of the County is mostly mountains and desert, and the vast majority of the county population resides south of the San Bernardino Mountains, in San Bernardino Valley.

Population

Population figures and trends for the City, the County and the State of California are shown in the following table.

**CITY OF HESPERIA, THE COUNTY OF SAN BERNARDINO
AND STATE OF CALIFORNIA
Population Estimates
(as of January 1)**

Year	City of Hesperia	County of San Bernardino	State of California
1980 ⁽¹⁾	13,540	895,016	23,668,562
1990 ⁽¹⁾	50,418	1,418,380	29,758,213
2000 ⁽¹⁾	62,582	1,710,139	33,873,086
2010	90,048	2,033,141	37,223,900
2011	90,420	2,046,619	37,427,946
2012	90,844	2,059,699	37,668,804
2013	91,507	2,068,610	37,984,138
2014	91,506	2,085,669	38,340,074

(1) 1980, 1990 and 2000 numbers are as of April 1.

Source: California State Department of Finance, Demographic Research Unit.

Employment and Industry

The City is included in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA), which includes Riverside and San Bernardino Counties.

The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 8.4% in June 2014, down from 8.0% in May 2014, and below the year-ago estimate of 10.7%. This compares with an adjusted unemployment rate of 7.3% for California and 6.3% for the nation during the same period. The June 2014 unemployment rate was 8.4% in San Bernardino County.

The following table summarizes the civilian labor force, employment and unemployment in the County for years 2009 through 2013, as of the month March. Data is not yet available for year 2014.

COUNTY OF SAN BERNARDINO Civilian Labor Force, Employment and Unemployment (Annual Averages as of March)

	2009	2010	2011	2012	2013
Civilian Labor Force ⁽¹⁾	858,900	862,500	857,800	862,200	865,100
Employment	747,800	740,400	743,300	759,800	778,100
Unemployment	111,100	122,100	114,500	102,500	87,000
Unemployment Rate	12.9%	14.2%	13.4%	11.9%	10.1%
<u>Wage and Salary Employment ⁽²⁾</u>					
Agriculture	2,500	2,600	2,500	2,500	2,200
Mining and Logging	600	600	600	800	900
Construction	27,600	24,300	25,000	26,400	26,900
Manufacturing	49,700	47,200	46,500	47,300	47,700
Wholesale Trade	30,200	29,600	29,300	31,400	33,600
Retail Trade	77,400	77,000	76,900	80,700	82,800
Transportation, Warehousing and Utilities	47,100	47,200	48,500	53,000	54,600
Information	5,600	3,800	4,500	5,200	5,100
Financial Activities	21,900	21,700	21,400	21,600	22,000
Professional and Business Services	71,500	73,100	73,600	73,300	75,200
Educational and Health Services	86,700	86,200	86,800	91,100	99,000
Leisure and Hospitality	55,100	55,100	55,200	57,000	60,400
Other Services	19,300	19,900	20,300	20,800	20,700
Federal Government	13,700	15,100	14,200	13,800	13,500
State Government	13,900	13,400	13,100	12,500	12,000
Local Government	98,300	96,700	86,000	86,200	88,300
Total, All Industries ⁽³⁾	621,000	613,500	604,300	623,500	644,800

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the major manufacturing and non-manufacturing employers in the County for the fiscal year ended June 30, 2013. Data is not yet available for the fiscal year ended June 30, 2014.

CITY OF HESPERIA Major Employers

Company Name	Number of Employees	Percent of Total Employment
Hesperia Unified School District	1,931	7.26%
County of San Bernardino	501	1.88
Stater Brothers Markets	408	1.53
Arizona Pipeline Company	255	0.96
Super Target	233	0.88
City of Hesperia	184	0.69
C&M Wood Industries, Inc.	--	0.00
Hesperia Recreation & Park District	137	0.52
Robar Ent/Hi Grade Material	127	0.48
Ram-Mar Painting, Inc.	--	0.00
In-N-Out	124	0.47
Wood Grill Buffett	110	0.41
Double Eagle Transportation	100	0.38
Golden Corral	95	0.36
Del Taco	94	0.35
Walgreens	85	0.32
Pilot Travel Center/Wendy's	80	0.30
Standard Abrasives	80	0.30
K-Mart	65	0.24
Dial Precision	--	0.00

Source: City of Hesperia Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013.

The County's major employers are set forth below, not ranked in order but alphabetically.

COUNTY OF SAN BERNARDINO
Major Employers
(As of August 2014)

Employer Name	Location	Industry
Arrowhead Regional Medical Center	Colton	Hospitals
Beaver Medical Clinic Inc.	Redlands	Physicians & Surgeons
Big Bear Mountain Resorts	Big Bear Lake	Resorts
BNSF Railway Co	San Bernardino	Railroads
California State-San Bernardino	San Bernardino	Schools-Universities & Colleges
Colton Joint Unified School Dist.	Colton	Schools
Community Hospital-San Bernardino	San Bernardino	Hospitals
Desert Valley Hospital	Victorville	Hospitals
Environmental Systems Research	Redlands	Computer-Software Developers
Fedex Ground	Bloomington	Delivery Service
Kaiser Permanente Medical Care	Fontana	Hospitals
Loma Linda University Children	Loma Linda	Hospitals
Loma Linda University Med Center	Loma Linda	Hospitals
Mountain High Ski Resort	Wrightwood	Skiing Centers & Resorts
Ontario Intl Airport	Ontario	Airports
Redlands Community Hospital	Redlands	Hospitals
San Antonio Community Hospital	Upland	Hospitals
San Bernardino County School Supt.	San Bernardino	Schools
San Bernardino County Sheriff	San Bernardino	County Government-General Offices
San Manuel Indian Bingo/Casino	Highland	Casinos
Snow Summit Mountain Resort	Big Bear Lake	Skiing Centers & Resorts
Snowline Joint Unified School	Phelan	Schools
Transportation Department	San Bernardino	State Government-Transportation
VA Medical Center-Loma Linda	Loma Linda	Hospitals
YRC Freight	Bloomington	Trucking

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other than labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, nontax payments, fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2009 through 2013.

CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, AND STATE OF CALIFORNIA Effective Buying Income For Calendar Years 2009 Through 2013

Calendar Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2009	City of Hesperia	\$1,384,663	\$43,945
	San Bernardino County	34,899,738	45,690
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Hesperia	\$1,319,868	\$40,790
	San Bernardino County	32,115,644	43,018
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Hesperia	\$1,308,020	\$40,690
	San Bernardino County	32,969,928	42,818
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Hesperia	\$1,280,140	\$38,842
	San Bernardino County	34,251,993	43,741
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Hesperia	\$1,244,083	\$37,789
	San Bernardino County	33,477,908	43,034
	California	858,676,636	48,340
	United States	6,982,757,379	43,715

Source: The Nielsen Company (US), Inc.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the City were reported to be \$181,906,000, a 4.79% increase over the total taxable sales of \$173,587,000 reported during the first quarter of calendar year 2012. Annual figures for calendar year 2013 are not yet available.

CITY OF HESPERIA
Number of Permits and Valuation of Taxable Transactions
(\$ in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits on August 1	Taxable Transactions	Number of Permits on August 1	Taxable Transactions
2008	828	\$443,986	1,569	\$568,589
2009 ⁽¹⁾	966	404,581	1,442	502,283
2010 ⁽¹⁾	1,048	451,557	1,529	558,919
2011 ⁽¹⁾	1,057	534,934	1,561	673,962
2012 ⁽¹⁾	1,112	581,185	1,620	727,138

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax)*.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the County were reported to be \$7,264,664,000, a 4.43% increase over the total taxable sales of \$6,956,488,000 reported during the first quarter of calendar year 2012. Annual figures for calendar year 2013 are not yet available.

COUNTY OF SAN BERNARDINO
Number of Permits and Valuation of Taxable Transactions
(\$ in thousands)

	Retail Stores		Total All Outlets	
	Number of Permits on August 1	Taxable Transactions	Number of Permits on August 1	Taxable Transactions
2008	25,076	\$19,065,786	48,994	\$27,777,703
2009 ⁽¹⁾	31,676	16,330,138	45,062	23,652,433
2010 ⁽¹⁾	34,068	17,308,880	47,562	24,687,862
2011 ⁽¹⁾	34,140	18,736,053	47,791	27,322,980
2012 ⁽¹⁾	35,095	19,980,937	48,936	29,531,921

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization, *Taxable Sales in California (Sales & Use Tax)*.

Construction Activity

Building activity for the years 2009 through 2013 in the City is shown in the following table:

CITY OF HESPERIA Total Building Permit Valuations (\$ in Thousands)					
Permit Valuation	2009	2010	2011	2012	2013
New Single-family	\$25,815	\$578	\$0	\$1,493	\$2,594
New Multi-family	10,080	5,252	0	0	0
Res. Alterations/Additions	<u>4,596</u>	<u>385</u>	<u>639</u>	<u>1,331</u>	<u>3,685</u>
Total Residential	40,491	6,215	639	2,824	5,333
	37,				
New Commercial	37,068	380	26	2,344	1,381
New Industrial	3,263	0	0	350	0
New Other	7,413	1172	0	0	1,770
Com. Alterations/Additions	<u>12,254</u>	<u>762</u>	<u>58</u>	<u>2,986</u>	<u>1,270</u>
Total Nonresidential	59,998	2,314	84	5,680	4,421
New Dwelling Units					
Single Family	188	2	0	4	13
Multiple Family	<u>116</u>	<u>67</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	304	69	0	4	13

Source: City of Hesperia.

Building activity for the years 2009 through 2013 in the County is shown in the following table:

COUNTY OF SAN BERNARDINO Total Building Permit Valuations (\$ in Thousands)					
Permit Valuation	2009	2010	2011	2012	2013
New Single-family	\$279,994	\$233,404	\$232,698	\$283,203	\$450,790
New Multi-family	96,741	61,081	49,011	135,503	157,932
Res. Alterations/Additions	<u>62,859</u>	<u>62,731</u>	<u>99,083</u>	<u>61,998</u>	<u>57,444</u>
Total Residential	439,594	357,216	380,792	480,704	666,166
New Commercial	70,373	39,381	67,147	201,221	202,970
New Industrial	34,028	21,854	50,630	152,048	335,339
New Other	72,128	62,614	6,404	5,096	44,334
Com. Alterations/Additions	<u>156,292</u>	<u>129,150</u>	<u>197,961</u>	<u>219,113</u>	<u>192,785</u>
Total Nonresidential	332,822	252,999	322,142	577,478	775,428
New Dwelling Units					
Single Family	1,441	1,198	1,075	1,214	1,874
Multiple Family	<u>1,054</u>	<u>649</u>	<u>409</u>	<u>596</u>	<u>1,439</u>
TOTAL	2,495	1,847	1,484	1,810	3,313

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX B
RATE AND METHOD

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**RATE AND METHOD OF APPORTIONMENT FOR
CITY OF HESPERIA COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT RESTRUCTURING)**

Special Taxes (defined below) shall be levied on all Assessor's Parcels (defined below) located within the boundaries of City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) (hereinafter "CFD No. 2005-1"). The amount of Special Tax to be levied on an Assessor's Parcel in any Fiscal Year (defined below) shall be determined by the City Council of the City of Hesperia (hereinafter the "Council" and the "City"), in accordance with this Rate and Method of Apportionment described below. All of the property in CFD No. 2005-1, unless exempted by law or Section E below, shall be taxed for the purposes, to the extent, and in the manner provided herein.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. The square footage of an Assessor's Parcel is equal to the Acreage of such parcel multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2005-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 2005-1 or any designee thereof of complying with City, CFD No. 2005-1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2005-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from any escrow account; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2005-1 for any other administrative purposes of CFD No. 2005-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the County Assessor designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1.(b) below.

"Authorized Services" means, for each Fiscal Year, the amount computed by multiplying the number of residential units within Land Use Classes 1 through 12 by the Police and Fire Services Costs.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property, as determined in accordance with Section C.1.(c) below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued or incurred by CFD No. 2005-1 under the Act to pay, repay or defease bonds previously issued by CFD No. 91-3.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 2005-1" means City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring).

"CFD No. 91-3" means City of Hesperia Community Facilities District No. 91-3 (Belgate Development Project).

"City" means the City of Hesperia.

"Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Urban Consumers" in the Los Angeles - Anaheim - Riverside Area, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the City of Los Angeles.

"Council" means the City Council of the City.

"County" means the County of San Bernardino.

"Developed Property" means for each Fiscal Year, all Taxable Property, exclusive of Taxable Public Property and Taxable Property Owner Association Property, for which a building permit for new construction was issued after January 1, 2004 and prior to March 1 of the previous Fiscal Year.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time.

"Land Use Class" means any of the classes listed in Table 1 below.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit was issued for a non-residential use.

"Outstanding Bonds" means all Bonds which are deemed to be outstanding under the Indenture.

"Police and Fire Services Costs" means, for Fiscal Year 2004-2005, an amount equal to \$406.32 per unit to: (i) pay for fire protection and suppression services and (ii) pay for police protection services, which on each July 1, commencing on July 1, 2005, shall be increased based on the percentage change in the Consumer Price Index with a maximum annual increase of six percent (6%) and a minimum annual increase of two percent (2%) per Fiscal Year.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 2005-1 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means, for Developed Property, that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property, or where the Backup Special Tax is being levied, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels upon which a Backup Special Tax is being levied. For Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Undeveloped Property. The term "Proportionately" may similarly be applied to other categories of Taxable Property as listed in Section D below.

"Public Property" means property within the boundaries of CFD No. 2005-1 owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public right-of-way has been granted to the federal government, the State of California, the County of San Bernardino, the City of Hesperia, or any local government or other public agency, provided that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified according to its use.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang,

patio, enclosed patio, or similar area. The determination of Residential Floor Area shall be made by reference to the building permit(s) issued for such Assessor's Parcel.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2005-1 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for CFD No. 2005-1 to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay for Authorized Services; (vi) pay for reasonably anticipated Special Tax delinquencies based on the delinquency rate for the Special Tax levy in the previous Fiscal Year; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of CFD No. 2005-1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E below.

"Taxable Public Property" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Tax pursuant to Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Taxable Public Property or Taxable Property Owner Association Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within CFD No. 2005-1 shall be classified as Developed Property, Taxable Public Property, Taxable Property Owner Association Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Classes 1 through 12 as listed in Table 1 below based on the Residential Floor Area for each unit. Non-Residential Property shall be assigned to Land Use Class 13.

C. MAXIMUM SPECIAL TAX

1. Developed Property

(a). Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

(b). Assigned Special Tax

The Fiscal Year 2004-2005 Assigned Special Tax for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Tax for Developed Property in
Community Facilities District No. 2005-1
Fiscal Year 2004-2005

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	> 3,300 sq. ft.	\$2,201 per unit
2	Residential Property	3,151 – 3,300 sq. ft.	\$2,054 per unit
3	Residential Property	3,001 – 3,150 sq. ft.	\$2,012 per unit
4	Residential Property	2,851 – 3,000 sq. ft.	\$1,991 per unit
5	Residential Property	2,701 – 2,850 sq. ft.	\$1,913 per unit
6	Residential Property	2,551 – 2,700 sq. ft.	\$1,857 per unit
7	Residential Property	2,401 – 2,550 sq. ft.	\$1,801 per unit
8	Residential Property	2,251 – 2,400 sq. ft.	\$1,464 per unit
9	Residential Property	2,101 – 2,250 sq. ft.	\$1,429 per unit
10	Residential Property	1,951 – 2,100 sq. ft.	\$1,394 per unit
11	Residential Property	1,801 – 1,950 sq. ft.	\$1,281 per unit
12	Residential Property	<= 1,800 sq. ft.	\$1,078 per unit
13	Non-Residential Property	Not Applicable	\$14,253 per Acre

(c). Backup Special Tax

The Fiscal Year 2004-2005 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$0.3272 per square foot of land area within the Assessor's Parcel.

(d). Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2005, the Assigned Special Tax and the Backup Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

(e). Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on an Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains both Residential Property and Non-Residential Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property

(a). Maximum Special Tax

The Fiscal Year 2004-2005 Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be \$14,253 per Acre.

(b). Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2005, the Maximum Special Tax for Undeveloped Property, Taxable Public Property, and Taxable Property Owner Association Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-07 (or a later Fiscal Year as determined pursuant to Section I.1), and for each subsequent Fiscal Year, the Council shall determine the Special

Tax Requirement and levy the Special Taxes until the amount of Special Taxes equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased Proportionately from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property and Taxable Property Owner Association Property at up to the Maximum Special Tax for Taxable Public Property and Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 2005-1.

E. EXEMPTIONS

No Special Tax shall be levied on up to 92.3 Acres of Public Property and/or Property Owner Association Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Property Owner Association Property its tax-exempt status will be revoked.

Public Property or Property Owner Association Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Public Property or Taxable Property Owner Association Property.

In addition, no Special Tax shall be levied on any Assessor's Parcel for which the obligation to pay the Special Taxes authorized in CFD No. 91-3 has been prepaid.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident who feels that the amount of the Special Tax levied on their Assessor's Parcel is in error may submit a written appeal to CFD No. 2005-1. The CFD Administrator shall review the appeal and if the CFD Administrator concurs, the amount of the Special Tax levied shall be appropriately modified.

The Council may interpret this Rate and Method of Apportionment for purposes of clarifying any ambiguity and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals. Any decision of the Council shall be final and binding as to all persons.

G. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2005-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"Bond Portion of the Special Tax" means the portion of the Special Tax levied on an Assessor's Parcel that is necessary to provide 100% coverage for the debt service associated with that Assessor Parcel's fair share of the Bonds.

"Buildout" means, for CFD No. 2005-1, that all expected building permits have been issued.

"Previously Issued Bonds" means, for any Fiscal Year, all Outstanding Bonds that are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

1. Prepayment of Bonds in Full

The obligation of an Assessor's Parcel to pay the Bond Portion of the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Bond Portion of the Special Tax shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service.

Prepayment must be made not less than 45 days prior to the next occurring date that notice of redemption of Bonds from the proceeds of such prepayment may be given to the Trustee pursuant to the Indenture. No portion of the Special Tax other than the Bond Portion of the Special Tax may be prepaid.

The Prepayment Amount for the Bond Portion of the Special Tax shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
less	Capitalized Interest Credit
Total: equals	Prepayment Amount for the Bond Portion of the Special Tax

As of the proposed date of prepayment, the Prepayment Amount for the Bond Portion of the Special Tax shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and Backup Special Tax applicable for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Undeveloped Property (for which a building permit has been issued) to be prepaid, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property, based upon the building permit that has already been issued for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes for CFD No. 2005-1 based on the Developed Property Special Tax which could be charged in the current Fiscal Year on all expected development through Buildout of CFD No. 2005-1, excluding any Assessor's Parcels for which the Bond Portion of the Special Tax has been prepaid, and

(b) Divide the Backup Special Tax computed pursuant to paragraph 2 by the estimated total Backup Special Tax levy at Buildout of CFD No. 2005-1, excluding any Assessor's Parcels for which the Bond Portion of the Special Tax has been prepaid.
4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Previously Issued Bonds to compute the amount of Previously Issued Bonds to be retired and prepaid (the "Bond Redemption Amount").

5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium (e.g., the redemption price – 100%), if any, on the Previously Issued Bonds to be redeemed (the "Redemption Premium").
6. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date not covered by the current Fiscal Year Bond Portion of the Special Tax until the earliest redemption date for the Previously Issued Bonds.
7. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount for the Bond Portion of the Special Tax, less the Administrative Fees and Expenses (defined below), from the date of prepayment until the redemption date for the Previously Issued Bonds to be redeemed with the prepayment.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6 (the "Defeasance Amount").
9. Verify the administrative fees and expenses of CFD No. 2005-1, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").
10. If reserve funds for the Previously Issued Bonds, if any, are at or above 100% of the reserve requirement (as defined in the Indenture) on the prepayment date, a reserve fund credit shall be calculated as a reduction in the applicable reserve fund for the Previously Issued Bonds to be redeemed pursuant to the prepayment (the "Reserve Fund Credit"). No Reserve Fund Credit shall be granted if reserve funds are below 100% of the reserve requirement.
11. If any capitalized interest for the Previously Issued Bonds will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
12. The Prepayment Amount for the Bond Portion of the Special Tax is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 8 and 9, less the amounts computed pursuant to paragraphs 10 and 11.
13. From the Prepayment Amount for the Bond Portion of the Special Tax, the amounts computed pursuant to paragraphs 4, 5, 8, 10 and 11 shall be deposited into the appropriate fund as established under the Indenture and be used to retire Previously Issued Bonds or make debt service payments. The amount computed pursuant to paragraph 9 shall be retained by CFD No. 2005-1.

14. To determine the Bond Portion of the Special Tax that has been prepaid and permanently satisfied pursuant to paragraphs 12 and 13, calculate the level of Special Tax necessary to provide 100% coverage on the Bond Redemption Amount calculated under paragraph 4.
15. To determine the remaining Assigned Special Tax and Maximum Special Tax on the Assessor's Parcel that shall continue to be levied in ensuing Fiscal Years, subtract the Bond Portion of the Special Tax that was calculated under paragraph 14 from the original Assigned Special Tax on the Assessor's Parcel, and subtract the Bond Portion of the Special Tax that was calculated under paragraph 14 from the original Maximum Special Tax on the Assessor's Parcel. The difference resulting from this subtraction is the remaining Assigned Special Tax and Maximum Special Tax for the Assessor's Parcel.

The Prepayment Amount for the Bond Portion of the Special Tax may be insufficient to redeem a full \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Indenture to be used with the next prepayment of Bonds or to make debt service payments.

With respect to any Assessor's Parcel that is prepaid, and only after the CFD Administrator has confirmed that the current Fiscal Year's Special Tax obligation for such Assessor's Parcel has been paid in full, the Council shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Bond Portion of the Special Tax, and that the remaining portion of the Special Tax with respect to such Assessor's Parcel shall continue to be levied for Administrative Expenses and Authorized Services pursuant to Section D.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of the Bond Portion of the Special Taxes that may be levied on Taxable Property within CFD No. 2005-1 (after excluding 92.3 Acres of Public Property and/or Property Owner Association Property as set forth in Section E) both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Previously Issued Bonds, plus the Administrative Expenses.

2. Prepayment in Part

The Bond Portion of the Special Tax for an Assessor's Parcel of Developed Property or an Assessor's Parcel of Undeveloped Property for which a building permit has been issued may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = [(P_E - A) \times F] + A$$

These terms have the following meaning:

PP = the partial prepayment

- P_E = the Prepayment Amount for the Bond Portion of the Special Tax calculated according to Section H.1
A = the Administrative Fees and Expenses calculated according to Section H.1
F = the percentage by which the owner of the Assessor's Parcel(s) is partially prepaying the Bond Portion of the Special Tax.

The owner of any Assessor's Parcel who desires such prepayment shall notify the CFD Administrator of such owner's intent to partially prepay the Bond Portion of the Special Tax and the percentage by which the Bond Portion of the Special Tax shall be prepaid. The CFD Administrator shall provide the owner with a statement of the amount required for the partial prepayment of the Bond Portion of the Special Tax for an Assessor's Parcel within thirty (30) days of the request and may charge a reasonable fee for providing this service. With respect to any Assessor's Parcel that is partially prepaid, the City shall (i) distribute the funds remitted to it according to Section H.1, and (ii) indicate in the records of CFD No. 2005-1 that there has been a partial prepayment of the Bond Portion of the Special Tax, and that a portion of the Bond Portion of the Special Tax with respect to such Assessor's Parcel, equal to the outstanding percentage $(1.00 - F)$ of the remaining Bond Portion of the Special Tax, shall continue to be levied on such Assessor's Parcel for each ensuing Fiscal Year after the Fiscal Year in which the partial prepayment occurred, along with the portion of the Special Tax on the Assessor's Parcel that may still be levied for Administrative Expenses and Authorized Services, pursuant to Section D.

I. TERM OF SPECIAL TAX

1. Commencement of the Term of Special Tax

Notwithstanding anything to the contrary contained herein the Special Taxes shall be levied no earlier than the Fiscal Year in which CFD No. 91-3 is dissolved pursuant to Section 53338.5 of the Act, so long as the tax bill for any portion of the Fiscal Year shall not contain special taxes levied by both CFD No. 91-3 and CFD No. 2005-1. If CFD No. 91-3 is not so dissolved, the Special Taxes shall not be levied.

2. End of Term of Special Tax

The Bond Portion of the Special Tax shall not be levied after Fiscal Year 2040-41, and the remaining portion of the Special Tax shall continue to be levied for Administrative Expenses and Authorized Services so long as the Council, acting in its capacity as the legislative body of CFD No. 2005-1, determines that such Special Taxes are necessary to fund the Administrative Expenses and Authorized Services.

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Revised: 4/19/05

APPENDIX C

SUMMARY OF THE FISCAL AGENT AGREEMENT

The following is a brief summary of the provisions of the Fiscal Agent Agreement. This summary is not intended to be definitive. Reference is made to the actual document (a copy of which is available from the City) for the complete terms thereof.

DEFINED TERMS

The following terms have the following meanings, notwithstanding that any such terms may be elsewhere defined in this Official Statement. Any terms not expressly defined in this Summary but previously defined in this Official Statement have the respective meanings previously given.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 *et seq.* of the California Government Code.

“Administrative Expenses” means costs directly related to the administration of the CFD consisting of: the actual costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by a City employee or consultant or both) and the actual costs of collecting the Special Taxes (whether by the County or otherwise); the actual costs of remitting the Special Taxes to the Fiscal Agent; actual costs of the Fiscal Agent (including its legal counsel) in the discharge of its duties under the Agreement; the actual costs of the City or its designee of complying with the disclosure provisions of the Act and the Agreement, including those related to public inquiries regarding the Special Tax and disclosures to Owners of the Bonds and the Original Purchaser; the actual costs of the City or its designee related to an appeal of the Special Tax; any amounts required to be rebated to the federal government; an allocable share of the salaries of the City staff directly related to the foregoing and a proportionate amount of City general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by the City for any administrative purpose of the CFD, including costs related to prepayments of Special Taxes, recordings related to such prepayments and satisfaction of Special Taxes, amounts advanced to ensure maintenance of tax exemption, and the costs of prosecuting foreclosure of delinquent Special Taxes, which amounts advanced are subject to reimbursement from other sources, including proceeds of foreclosure.

“Agreement” means the Fiscal Agent Agreement dated as of December 1, 2014, by and between the City and the Fiscal Agent, as it may be amended or supplemented.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking payment due in such Bond Year).

“Authorized Officer” means the City Manager, the Assistant City Manager/Management Services, the Finance Director, the City Clerk, or any other officer or employee authorized by the City Council of the City or by an Authorized Officer to undertake the action referenced in the Agreement as required to be undertaken by an Authorized Officer.

“Bond Counsel” means Jones Hall, A Professional Law Corporation or any other attorney or firm of attorneys acceptable to the City and nationally recognized for expertise in

rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond” or “Bonds” means the 2014 Bonds, and, if the context requires, any Parity Bonds, at any time Outstanding under the Agreement, or any Supplemental Agreement.

“Bond Fund” means the fund designated the “City of Hesperia, Community Facilities District No. 2005-1 (Belgate Development Restructuring) County of San Bernardino, State of California Special Tax Bonds Bond Fund” established and administered under the Fiscal Agent Agreement.

“Bond Year” means the one-year period beginning on September 2 in each year and ending on September 1 in the following year, except that the first Bond Year shall begin on the Closing Date and shall end on September 1, 2015.

“Business Day” means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Fiscal Agent has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

“CFD” means the “City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California” formed under the Resolution of Formation.

“City” means the City of Hesperia, and any successor thereto.

“City Attorney” means any attorney or firm of attorneys employed by the City in the capacity of city attorney.

“Closing Date” means the date upon which there is a physical delivery of the 2014 Bonds in exchange for the amount representing the purchase price of the 2014 Bonds by the original purchaser of the 2014 Bonds.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale, delivery and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, appraisal costs, filing and recording fees, fees and expenses of counsel to the City, fees and expenses of the Escrow Agent (including its legal fees and charges), initial fees and charges of the Fiscal Agent including its first annual administration fees and its legal fees and charges, including the allocated costs of in-house attorneys, expenses incurred by the City in connection with the issuance of the Bonds, Bond (underwriter's) discount, legal fees and charges, including bond counsel, and counsel to any financial consultant, financial consultant's fees, charges for execution, authentication, transportation and safekeeping of the Bonds, fees of rating agencies, fees of municipal bond insurance companies insuring the Bonds, and other costs, charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund designated the “City of Hesperia, Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California Special Tax Bonds, Costs of Issuance Fund” established and administered under the Agreement.

“Council” means the City Council of the City as the legislative body.

“County” means the County of San Bernardino, California.

“Debt Service” means the scheduled amount of interest and amortization of principal payable on the 2014 Bonds under the Fiscal Agent Agreement and the scheduled amount of interest and amortization of principal payable on any Parity Bonds during the period of computation, in each case excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“Fair Market Value” means with respect to the Bonds the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by such fund is without regard to the source of the investment.

“Federal Securities” means (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), the payment of principal of and interest on which are unconditionally and fully guaranteed by the United States of America; and (b) any obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Finance Director” means the official of the City, or such official's designee, who acts in the capacity as the chief financial officer of the City, including the controller or other financial officer.

“Fiscal Agent” means MUFG Union Bank, N.A., the Fiscal Agent appointed by the City and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place.

“Fiscal Year” means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the City or the Finance Director, and who, or each of whom: (i) is judged by the Finance Director to have experience in matters relating to the issuance and/or administration of bonds under the Act; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the CFD, or any real property in the CFD; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Interest Payment Date” means each March 1 and September 1 of every calendar year, commencing with March 1, 2015.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Officer’s Certificate” means a written certificate of the City signed by an Authorized Officer of the City.

“Ordinance” means any ordinance of the City Council of the City levying the Special Taxes, including but not limited to such ordinance introduced by the Council on March 23, 2005, and adopted by the Council on April 6, 2005.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the City under the Agreement or any Supplemental Agreement.

“Owner” or **“Bondowner”** means any person who shall be the registered owner of any Outstanding Bond.

“Permitted Investments” means the following, but only to the extent that the same are acquired at Fair Market Value:

- (a) Federal Securities.
- (b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;
- (c) interest-bearing demand or time deposits (including certificates of deposit) or deposit accounts in federal or state chartered savings and loan associations or in federal or State of California banks (including the Fiscal Agent, its parent, if any, and affiliates), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated in the highest short-term rating category by any nationally recognized rating agency, or (ii) such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;

- (d) commercial paper rated in the highest short-term rating category by any nationally recognized rating agency, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;
- (e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank, including its parent (if any), affiliates and subsidiaries, whose short-term obligations are rated in the highest short-term rating category by any nationally recognized rating agency, or whose long-term obligations are rated A or better by any nationally recognized rating agency, which mature not more than 270 days following the date of investment therein;
- (f) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by any nationally recognized rating agency, or (b) fully secured as to the payment of principal and interest by Federal Securities;
- (g) obligations issued by any corporation organized and operating within the United States of America having assets in excess of Five Hundred Million (\$500,000,000), which obligations are rated A or better by any nationally recognized rating agency;
- (h) money market funds (including money market funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services) which invest in Federal Securities or which are rated in the highest short-term rating category by any nationally recognized rating agency; and
- (i) any investment agreement representing general unsecured obligations of a financial institution rated A or better by any nationally recognized rating agency, by the terms of which the Fiscal Agent is permitted to withdraw all amounts invested therein in the event any such rating falls below A.
- (j) the Local Agency Investment Fund established pursuant to Section 16429.1 of the Government Code of the State of California, provided, however, that the Fiscal Agent shall be permitted to make investments and withdrawals in its own name and the Fiscal Agent may restrict investments in the such fund if necessary to keep moneys available for the purposes of the Fiscal Agent Agreement.
- (k) the California Asset Management Program.

“Principal Office” means such corporate trust office of the Fiscal Agent, as may be designated from time to time by written notice from the Fiscal Agent to the City, initially being at the address set forth in the Fiscal Agent Agreement, or such other office designed by the Fiscal Agent, from time to time; except that with respect to presentation of Bonds for payment or registration of transfer and exchange such term shall mean the office or agency of the Fiscal Agent at which, at any particular time, its corporate trust agency business shall be conducted.

“Prior Bonds” means the 2005 PFA Bonds and the 2005 CFD Bonds, together.

“Project” means those items described as the “Facilities” in the Resolution of Formation.

“Rate and Method” means the Rate and Method of Apportionment for City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) approved by the Resolution of Formation and the qualified electors for the CFD.

“Record Date” means the fifteenth day of the calendar month next preceding the applicable Interest Payment Date, whether or not such day is a Business Day.

“Refunding Bonds” means bonds issued by the City for the CFD, the net proceeds of which are used to refund all or a portion of the then-Outstanding Bonds; provided that (A) the interest cost to maturity of the Refunding Bonds plus the principal amount of the Refunding Bonds is less than the interest cost to maturity of the Bonds being refunded plus the principal amount of the Bonds being refunded, and (B) the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

“Reserve Requirement” means, as of any date of calculation, an amount equal to the least of (i) 85% of the Maximum Annual Debt Service on the Outstanding Bonds covered by the Reserve Fund (ii) 125% of average Annual Debt Service on the Outstanding Bonds covered by the Reserve Fund and (iii) 10% of the original principal amount of the Bonds covered by the Reserve Fund.

“Resolution of Formation” means Resolution No. 2005-045, adopted by the Council on March 23, 2005.

“Special Tax Fund” means the special fund designated “City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) Special Tax Fund” established and administered under the Agreement.

“Special Tax Prepayments” means the proceeds of any Special Tax prepayments received by the City, as calculated pursuant to the Rate and Method of Apportionment of the Special Taxes for the CFD, less any administrative fees or penalties collected as part of any such prepayment.

“Special Tax Prepayments Account” means the account by that name established within the Bond Fund under the Agreement.

“Special Tax Revenues” means the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

“Special Taxes” means the special taxes levied by the City Council within the CFD under the Act, the Ordinance and the Agreement.

“Supplemental Agreement” means an agreement the execution of which is authorized by a resolution which has been duly adopted by the City under the Act and which agreement is amendatory of or supplemental to the Agreement, but only if and to the extent that such agreement is specifically authorized hereunder.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Term Bonds” means the (i) 2014 Term Bond A and (ii) the 2014 Term Bond B.

“2005 CFD Bonds” means the \$18,554,508 City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California Special Tax Bonds, 2005 Series A, issued on April 14, 2005.

“2005 CFD Bonds Fiscal Agent” means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of United States of America, or its successor or successors, as fiscal agent under the 2005 CFD Bonds Fiscal Agent Agreement for the 2005 CFD Bonds.

“2005 CFD Bonds Fiscal Agent Agreement” means the Fiscal Agent Agreement, dated as of April 1, 2005, by and between the City and the 2005 CFD Fiscal Agent.

“2005 PFA Bonds” means the \$18,554,508 City of Hesperia Public Financing Authority 2005 Local Agency Revenue Bonds, Series A (Tranches A Through C), issued on April 14, 2005.

“2005 PFA Bonds Indenture” means the Indenture of Trust, dated as of April 1, 2015, by and between the PFA and the 2005 PFA Bonds Trustee.

“2005 PFA Bonds Trustee” means The Bank of New York Mellon Trust Company, N.A., a national banking association organized and existing under the laws of United States of America, or its successor or successors, as trustee under the 2005 PFA Bonds Indenture.

“2014 Bonds” means the Bonds so designated and authorized to be issued under the Fiscal Agent Agreement.

“2014 Term Bond A” means the 2014 Bonds maturing on September 1, 2035 and accruing interest at a rate of 5.00%, as identified in the Fiscal Agent Agreement.

“2014 Term Bond B” means the 2014 Bonds maturing on September 1, 2035 and accruing interest at a rate of 4.00%, as identified in the Fiscal Agent Agreement.

FUNDS AND ACCOUNTS

The following funds and accounts are established pursuant to the Agreement:

Costs of Issuance Fund. A Costs of Issuance Fund is established as a separate fund to be held by the Fiscal Agent. Moneys in the Costs of Issuance Fund will be disbursed to pay Costs of Issuance. Moneys on deposit in the Costs of Issuance Fund will be invested in Permitted Investments in accordance with the Agreement. The Fiscal Agent will maintain the Costs of Issuance Fund for a period of 90 days from the Closing Date and thereafter any excess amounts remaining therein will be deposited in the Bond Fund.

Reserve Fund. The Reserve Fund is established as a separate fund to be held by the Fiscal Agent. On the Closing Date, proceeds of the 2014 Bonds in an initial deposit equal to or in excess of the Reserve Requirement will be deposited in the Reserve Fund. Moneys in the Reserve Fund will be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds covered by the Reserve Fund, as a reserve for the payment of the principal of, and interest and any premium on, the Bonds covered by the Reserve Fund and is be subject to a lien in favor of the Owners of the Bonds covered by the Reserve Fund. All amounts deposited in the Reserve Fund will be used solely to make transfers to the Bond Fund in the event of any deficiency in the amount then required for payment of debt service on the Bonds covered by the Reserve Fund or, in accordance with the provisions of the Agreement, for the purpose of redeeming Outstanding Bonds. Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Finance Director specifying the amount withdrawn.

Whenever, on or before any Interest Payment Date, or on any other date at the request of the Finance Director, the amount in the Reserve Fund exceeds the Reserve Requirement, the Fiscal Agent shall provide written notice to the Finance Director of the amount of the excess and shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund, to be used to pay interest on the Bonds on the next Interest Payment Date.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Fiscal Agent shall, upon the written request of the Finance Director, transfer any cash or Permitted Investments in the Reserve Fund to the Bond Fund to be applied, on the redemption date to the payment and redemption, in accordance with the Agreement, of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the Finance Director to be used by the City for any lawful purpose.

Whenever Special Taxes are prepaid and Bonds are to be redeemed with the proceeds of such prepayment, a proportionate amount in the Reserve Fund (determined on the basis of the principal of Bonds to be redeemed and the original principal of the Bonds, but in any event not in excess of the amount that will leave the balance in the Reserve Fund following the proposed redemption equal to the Reserve Requirement) shall be transferred on the Business Day prior to the redemption date by the Fiscal Agent to the Bond Fund to be applied to the redemption of the Bonds. The Finance Director shall deliver to the Fiscal Agent an Officer's Certificate specifying any amount to be so transferred, and the Fiscal Agent may rely on any such Officer's Certificate.

Bond Fund. The Bond Fund is established as a separate fund to be held by the Fiscal Agent. Moneys in the Bond Fund will be held by the Fiscal Agent and will be disbursed for the payment of the principal of, and interest and any premium on, the Bonds. On each Interest Payment Date, the Fiscal Agent will withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and premium, if any, due and payable on such Interest Payment Date on the Bonds. If amounts in the Bond Fund are insufficient to pay debt service due with respect to any Interest Payment Date, the Fiscal Agent must withdraw from the Reserve Fund, in accordance with the provisions of the Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such insufficiency. If, after the foregoing transfer, there are insufficient funds in the Bond Fund to make the payments provided for in the preceding sentence, the Fiscal Agent will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by

reason of sinking payments, if any, and then to payment of principal due on the bonds by reason of sinking payments. Moneys in the Bond Fund will be invested in Permitted Investments in accordance with the Agreement.

Within the Bond Fund there is established the Special Tax Prepayment Account, which shall be used exclusively for the administration of any prepayments of Special Taxes to assure the timely redemption of Bonds.

Special Tax Fund. The Special Tax Fund is established as a separate fund to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the City consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The City will promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund.

On the fifth Business Day prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority: (i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Reserve Fund, the Special Tax Prepayments Account to the Bond Fund such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date and any past due principal or interest on the Bonds not theretofore paid from a transfer described in the Fiscal Agent Agreement, and (ii) to the Reserve Fund and any other debt service reserve fund established for any Parity Bonds, an amount, taking into account amounts then on deposit in the Reserve Fund or such other reserve fund, such that the amount in the Reserve Fund is equal to the Reserve Requirement and the amount in such other reserve fund is equal to the applicable reserve requirement, and (iii) to the City, the remaining amount, which shall be used by the City for any lawful purpose.

Administrative Expense Fund. The Administrative Expense Fund is established as a separate fund to be held by the Fiscal Agent, and a Bond Proceeds Account is established therein. Moneys in the Administrative Expense Fund will be withdrawn, by the Fiscal Agent and paid to the City or its order upon receipt by the Fiscal Agent of an Officer's Certificate, stating the amount to be withdrawn, that such amount is to be used to pay an Administrative Expense or Cost of Issuance and the nature of such an Administrative Expense or such Cost of Issuance. Amounts deposited to the Bond Proceeds Account of the Administrative Expense Fund will be separately identified at all times, and will be expended for purposes of the Administrative Expense Fund prior to the use of amounts transferred to the Administrative Expense Fund from the Special Tax Fund pursuant to the Fiscal Agent Agreement. Annually, the Fiscal Agent will withdraw from the Administrative Expense Fund and transfer to the Special Tax Fund any amount in excess of that which is need to pay any Administrative Expenses incurred but not yet paid, as identified by the Finance Director in an Officer's Certificate. Moneys in the Administrative Expense Fund may be invested as determined by the Fiscal Agent in any lawful investment the City may make.

COVENANTS OF THE CITY

Collection of Special Tax Revenues. The City will comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

Covenant to Foreclose. The City covenants that it will order, and cause to be commenced and thereafter diligently prosecute to judgment (unless such delinquency is brought current), an action in the superior court to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the Agreement.

Punctual Payment. The City will punctually pay the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Agreement.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the City will not extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest are extended or funded, whether or not with the consent of the City, such claim for interest so extended or funded will not be entitled, in case of default, to the benefits of the Agreement, except subject to the prior payment in full of the principal and premium, if any, of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Against Encumbrances. The City will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien created for the benefit of the Bonds, except as permitted by the Agreement.

Books and Accounts. The City will keep proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries will be made of all transactions relating to the expenditure of amounts disbursed from the Administrative Expense Account and the Special Tax Fund and relating to the Special Tax Revenues.

Protection of Security and Rights of Owners. The City will preserve and protect the security for the Bonds and the rights of the Owners, and will warrant and defend their rights to such security against all claims and demands of all persons.

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

Tax Covenants. The City will not take, nor permit nor suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the proceeds of any of the 2014 Bonds which would cause any of the 2014 Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Tax Code. The City agrees to comply with all applicable provisions of the Tax Code relating to the rebate of excess investment earnings on the proceeds of the 2014 Bonds to the United States of America.

Amendment of Rate and Method. The City will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative is adopted that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the City will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

INVESTMENTS

Moneys in any fund or account created or established by the Agreement and held by the Fiscal Agent will be invested in Permitted Investments at the direction of the City. In the absence of such direction, the Fiscal Agent will invest such moneys in Permitted Investments described in Section (h) of the definition thereof. Moneys in any fund or account created or established by the Agreement and held by the Finance Director shall be invested in Permitted Investments or any lawful investments that the City may make, which by their terms mature prior to the date on which such moneys are required to be paid out under the Agreement. Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Agreement for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

LIABILITY OF THE CITY

The City will not incur any responsibility in respect of the Bonds or the Agreement other than in connection with the duties or obligations explicitly set forth in the Agreement or in the Bonds assigned to or imposed upon it. The City will not be liable in connection with the performance of its duties under the Agreement, except for its own negligence or willful default. The City will not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Fiscal Agent or of any of the documents executed by the Fiscal Agent in connection with the Bonds, or as to the existence of a default or event of default thereunder.

No provision of the Agreement requires the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Special Tax Revenues) in the performance of any of its obligations under the Agreement, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

MODIFICATION OR AMENDMENT OF AGREEMENT

The Agreement and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement (I) pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Agreement; however, no such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Ordinance, the laws of the State of California or the Agreement), or reduce the percentage of Bonds required for the amendment thereof; or (II) without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the City, other covenants and agreements thereafter to be observed; or to limit or surrender any right or power reserved to or conferred upon the City;

(B) to make modifications not adversely affecting any Outstanding Bonds of the City in any material respect including, but not limited to, amending the Rate and Method, so long as the amendment does not result in coverage less than that set forth in the Fiscal Agent Agreement;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Agreement, or in regard to questions arising under the Agreement, as the City and the Fiscal Agent may deem necessary or desirable and not inconsistent with the Agreement, and which shall not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure exclusion from gross income for federal income tax purposes of interest on the Bonds; and

(E) in connection with the issuance of any Parity Bonds under and pursuant to the Fiscal Agent Agreement.

DISCHARGE OF AGREEMENT

The City may pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, all Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in the Bond Fund and the Reserve Fund is fully sufficient to pay all Bonds Outstanding, including all principal, interest and redemption premiums; or

(C) by irrevocably depositing with the Fiscal Agent, cash and/or Federal Securities in such amount as the City shall determine, as confirmed by Bond Counsel or an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in the Bond Fund and the Reserve Fund (to the extent invested in Federal Securities), be fully sufficient to pay and discharge the indebtedness on all Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If the City shall have taken any of the actions specified in (A), (B) or (C) above, and if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in the Agreement provided or provision satisfactory to the Fiscal Agent shall have been made for the giving of such notice, then, at the election of the City, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Agreement and all other obligations of the City under the Agreement with respect to all Bonds Outstanding shall cease and terminate, except only certain obligations of the City under the Agreement and of the City to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon, and the obligation of the City to pay all amounts owing to the Fiscal Agent.

APPENDIX D
FORM OF OPINION OF BOND COUNSEL

December 18, 2014

City Council
City of Hesperia
9700 Seventh Ave.
Hesperia, CA 92345

OPINION: \$18,450,000 City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring), County of San Bernardino, State of California
Special Tax Refunding Bonds, Series 2014

Members of the Council:

We have acted as bond counsel to the City of Hesperia (the "City") in connection with the issuance by the City of the captioned bonds (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Bond Law"), a Fiscal Agent Agreement, dated as of December 1, 2014 (the "Fiscal Agent Agreement"), by and between the City and MUFG Union Bank, N.A., as fiscal agent, and a resolution (the "Resolution") of the City Council of the City adopted on November 18, 2014. Under the Fiscal Agent Agreement, the City has pledged certain revenues (the "Special Tax Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Resolution and in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a duly created and validly existing municipal corporation and general law city with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and issue the Bonds.
2. The Fiscal Agent Agreement has been duly authorized, executed and delivered by the City, and constitutes a valid and binding obligation of the City, enforceable against the City.
3. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds (if any) issued or to be issued under the Fiscal Agent Agreement.

4. The Bonds have been duly authorized and executed by the City, and are valid and binding limited obligations of the City, payable solely from the Special Tax Revenues and other funds provided therefor in the Fiscal Agent Agreement.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the delivery of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E
FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$18,450,000
CITY OF HESPERIA
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT RESTRUCTURING)
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA
SPECIAL TAX REFUNDING BONDS SERIES 2014

This CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the City of Hesperia, California (the “City”), on behalf of itself and the City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) (the “District”), in connection with the execution and delivery of the bonds captioned above (the “2014 Bonds”). The 2014 Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of December 1, 2014 (the “Fiscal Agent Agreement”), by and between the City, for and on behalf of the District, and MUFG Union Bank, N.A., as fiscal agent.

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City, on behalf of itself and the District, for the benefit of the holders and beneficial owners of the 2014 Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended.

Section 2. Definitions. In addition to the definitions of capitalized terms set forth above and in Section 1.03 of the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the meanings ascribed to them below when used in this Disclosure Certificate:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means the date that is nine months days after the end of the City’s fiscal year (currently March 31 based on the City’s fiscal year end of June 30).

“*Business Day*” means any day on which the City is not required or authorized to be closed.

“*Dissemination Agent*” means the NBS, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement, dated December 3, 2014, executed by the City in connection with the issuance of the 2014 Bonds.

“*Participating Underwriter*” means Stifel, Nicolaus & Company, Incorporated, the original underwriter of the 2014 Bonds required to comply with the Rule in connection with offering of the 2014 Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2015, with the report for the 2013-14 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; **provided, however, that the first Annual Report due March 31, 2015, shall consist solely of a copy of the final Official Statement.** Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, together with the following statement:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. NO FUNDS OR ASSETS OF THE CITY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE 2014 BONDS, AND NEITHER THE CITY NOR THE DISTRICT IS OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE 2014 BONDS.

If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following financial information and operating data with respect to the District, substantially similar to that provided in the Official Statement:

(i) An updated table in substantially the form of Table 1B in the Official Statement entitled "Distribution of Land Uses," based upon the most recent information available.

(ii) An updated table detailing delinquency information in substantially the form of Table 5 in the Official Statement entitled "Special Tax Collections and Delinquencies (Taxable Property)," based upon the most recent information available, along with a summary of pending foreclosure actions.

(iii) The amount of prepayments of the Special Tax with respect to the District for the prior Fiscal Year.

(iv) The principal amount of the 2014 Bonds outstanding and the balance in the Reserve Fund (along with a statement of the Reserve Requirement) as of the September 30 next preceding the Annual Report Date.

(v) Any changes to the Rate and Method of Apportionment for the District set forth in Appendix B to the Official Statement.

(vi) A copy of the annual information required to be filed by the City with the California Debt and Investment Advisory Commission pursuant to the Act and relating generally to outstanding District bond amounts, fund balances, assessed values, special tax delinquencies and foreclosure information.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be

necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the 2014 Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

- (14) Appointment of a successor or additional fiscal agent or the change of name of a fiscal agent, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected 2014 Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2014 Bonds. If such termination occurs prior to the final maturity of the 2014 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NBS. Any Dissemination Agent may resign by providing 30 days' written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 2014 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the 2014 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the 2014 Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the 2014 Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first Annual Report filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the 2014 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2014 Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the 2014 Bonds, and shall create no rights in any other person or entity.

Date: December 18, 2014

CITY OF HESPERIA, CALIFORNIA,
on behalf of
CITY OF HESPERIA COMMUNITY
FACILITIES DISTRICT NO. 2005-1
(BELGATE DEVELOPMENT
RESTRUCTURING)

By: _____
Mike Podegracz,
City Manager

AGREED AND ACCEPTED:
NBS,
as Dissemination Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Hesperia, California

Name of Issue: City of Hesperia Community Facilities District No. 2005-1 (Belgate Development Restructuring) Special Tax Refunding Bonds, Series 2014

Date of Issuance: December 18, 2014

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named 2014 Bonds as required by the Continuing Disclosure Certificate dated as of December 18, 2014, executed by the City and countersigned by NBS, as dissemination agent. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

DISSEMINATION AGENT:

NBS

BY: _____
ITS: _____

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F has been provided by The Depository Trust Company ("DTC"), New York, NY, for use in securities offering documents, and the City does not take responsibility for the accuracy or completeness thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2014 Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2014 Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

The following description of DTC, the procedures and record keeping with respect to beneficial ownership interests in the 2014 Bonds, payment of principal, interest and other payments on the 2014 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2014 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the 2014 Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the 2014 Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2014 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2014 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2014 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2014 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities

may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Fire Protection District Five Year Financial Analysis

	Positions	Audit for Fiscal Year 2016-17	Cost Per Position Forecast FY 2017/18	FY 2017/2018 Contract	FY 2018/2019 Forecast	FY 2019/2020 Forecast	FY 2020/2021 Forecast	FY 2021/2022 Forecast	FY 2022/2023 Forecast
Expenditures:									
		Inflation Rate			3.0%	3.0%	3.0%	3.0%	3.0%
Staffing									
Station 302 (ME and 2 MA's)									
Captain	3.00		214,295	642,885	662,172	682,037	702,498	723,573	745,280
Engineer	3.00		182,770	548,310	564,759	581,702	599,153	617,128	635,642
Firefighter / Paramedic	3.00		150,789	452,367	465,938	479,916	494,314	509,143	524,417
Ambulance Operator / Paramedic	6.00		72,678	436,068	449,150	462,625	476,503	490,798	505,522
Ambulance Operator / EMT	6.00		59,814	358,884	369,651	380,740	392,162	403,927	416,045
Station 304 (MT and 2 MA's)									
Captain	3.00		214,295	642,885	662,172	682,037	702,498	723,573	745,280
Engineer	3.00		182,770	548,310	564,759	581,702	599,153	617,128	635,642
Firefighter / Paramedic	3.00		150,789	452,367	465,938	479,916	494,314	509,143	524,417
Ambulance Operator / Paramedic	6.00		72,678	436,068	449,150	462,625	476,503	490,798	505,522
Ambulance Operator / EMT	6.00		59,814	358,884	369,651	380,740	392,162	403,927	416,045
Station 305 (ME and 1 MA) (Cost share with County)									
Engineer	3.00		182,770	548,310	564,759	581,702	599,153	617,128	635,642
Ambulance Operator / Paramedic	3.00		72,678	218,034	224,575	231,312	238,252	245,399	252,761
Ambulance Operator / EMT	3.00		59,814	179,442	184,825	190,370	196,081	201,964	208,022
Administration and Chief Officers									
Assistant Chief (Cost spread through the Division)	0.45		315,721	142,832	147,117	151,531	156,077	160,759	165,582
Battalion Chief (Cost spread through the Division)	1.36		225,357	305,855	315,030	324,481	334,215	344,242	354,569
Collection Officer (Ambulance Billing)	2.00		73,135	146,270	150,658	155,178	159,833	164,628	169,567
PSE (Ambulance Billing)	1.00		25,033	25,033	25,784	26,558	27,354	28,175	29,020
Fire Prevention									
Fire Prevention Supervisor	0.50		170,884	85,442	88,005	90,646	93,365	96,166	99,051
Fire Prevention Officer / Arson	0.50		219,586	109,793	113,087	116,479	119,974	123,573	127,280
Fire Prevention Specialist	0.50		140,572	70,286	72,395	74,566	76,803	79,108	81,481
Fire Prevention Officer	0.50		129,351	64,675	66,616	68,614	70,673	72,793	74,977
Front Counter Technician	0.50		81,411	40,706	41,927	43,185	44,480	45,815	47,189
Office Assistant III	0.50		57,714	28,857	29,723	30,614	31,533	32,479	33,453
TOTAL STAFFING	58.81			6,842,563	7,047,840	7,259,275	7,477,053	7,701,365	7,932,406
Administration Services and Supplies									
		Inflation Rate		2.0%	2.0%	3.0%	3.0%	3.0%	3.0%
Dispatch (CONFIRE)				385,639	393,352	405,152	417,307	429,826	442,721
MIS (CONFIRE)				158,927	162,106	166,969	171,978	177,137	182,451
800 Radio / Paging / Maintenance				31,345	31,972	32,931	33,919	34,937	35,985
County Overhead / HR / Payroll / ATC				768,060	783,421	806,924	831,132	856,065	881,747
Equipment				84,923	86,621	89,220	91,897	94,654	97,493
Professional Services				185,250	188,955	194,624	200,462	206,476	212,671
Office Expenses				11,594	11,826	12,181	12,546	12,922	13,310
Maintenance				92,857	94,714	97,556	100,482	103,497	106,602
Miscellaneous				117,209	119,553	123,140	126,834	130,639	134,558
Insurance				276,373	281,900	290,357	299,068	308,040	317,281
MIS Equipment Replacement				34,884	35,582	36,649	37,749	38,881	40,047
Total				2,147,061	2,190,002	2,255,702	2,323,373	2,393,075	2,464,867
Station Expenses									
Vehicle Maintenance/Fuel				425,658	434,171	447,196	460,612	474,431	488,663
Utilities				107,892	110,050	113,351	116,752	120,254	123,862
General Maintenance				42,479	43,329	44,628	45,967	47,346	48,767
Medical Supplies				235,300	240,006	247,206	254,622	262,261	270,129
Clothing				13,500	13,770	14,183	14,609	15,047	15,498
Total				824,829	841,326	866,565	892,562	919,339	946,919
Prevention Services and supplies									
MIS (CONFIRE)				17,490	17,840	18,375	18,927	19,494	20,079
800 Radio / Paging / Maintenance				1,381	1,409	1,451	1,495	1,540	1,586
Equipment				2,713	2,767	2,850	2,935	3,023	3,114
Professional Services				15,629	15,941	16,420	16,912	17,420	17,942
Office Expenses				7,415	7,563	7,790	8,024	8,265	8,513
County Overhead / HR / Payroll / ATC				17,610	17,962	18,501	19,056	19,627	20,216
Miscellaneous				4,176	4,258	4,387	4,518	4,654	4,794
Insurance				7,246	7,391	7,612	7,841	8,075	8,317
Vehicle Maintenance/Fuel				6,163	6,287	6,475	6,669	6,870	7,076
Total				79,822	81,418	83,861	86,377	88,968	91,637
Household Hazardous Waste Collection									
Administration and Overhead Costs				5,118	5,220	5,377	5,538	5,704	5,876
				631,470	644,099	663,422	683,325	703,825	724,940
TOTAL SERVICES AND SUPPLIES				3,688,300	3,762,066	3,874,928	3,991,176	4,110,911	4,234,238
Total Staffing and Services / Supplies (County Fire Contract)		11,130,562		10,530,864	10,809,906	11,134,204	11,468,230	11,812,276	12,166,644
Other Costs									
Household Hazardous Waste Contract				157,267	161,985	166,844	171,849	177,005	182,315
Other Administration Costs				57,766	0	0	0	0	0
Capital Expenses (Vehicles and Buildings)				0	180,000	183,600	187,272	191,017	194,838
Sub-total Other Costs				215,033	341,985	350,444	359,121	368,022	377,153
HFPD CalPERS	\$ 377,601			675,542	0	0	0	0	0
Total Other Costs		0		890,575	341,985	350,444	359,121	368,022	377,153
TOTAL EXPENDITURES		11,130,562		11,421,439	11,151,891	11,484,648	11,827,351	12,180,298	12,543,797
Revenue:									
Property Tax Revenue				4,491,739	4,209,245	4,261,901	4,349,652	4,468,920	4,592,348
Property Tax-RDA Pass Through (Operations Fund 200)				1,869,469	1,766,648	1,854,981	1,947,730	2,045,116	2,147,372
Property Tax-RDA Pass Through (Capital Fund 502)		803,524		850,658	803,872	844,065	886,269	930,582	977,111
Property Tax-VVEDA Pass Through				161,763	152,866	160,509	168,535	176,962	185,810
Sub-total Property Taxes		7,038,738		7,373,629	6,932,631	7,121,457	7,352,185	7,621,580	7,902,641
Sub-total Property Taxes to FPD 1000 Admin (6%)				442,418	415,958	427,287	441,131	457,295	474,158
Sub-total Property Taxes to FNZ 1000 Operations (94%)				6,931,211	6,516,674	6,694,169	6,911,054	7,164,285	7,428,482
Special Assmt-CFD 94-01				621,896	634,334	647,021	659,961	673,160	686,623
Special Assmt-CFD 2005-1				227,249	231,794	236,430	241,158	245,982	250,901
Use of Money and Property		76,281		93,904	53,326	53,326	53,326	53,326	53,327
Charges for Service		3,050,502		3,252,752	3,317,807	3,384,163	3,451,846	3,520,883	3,591,301
Grants		29,964		0	0	0	0	0	0
Household Hazardous Waste				157,267	161,985	166,844	171,849	177,005	182,315
Other revenue				2,200	80,906	80,906	37,936	37,936	37,936
TOTAL DISTRICT REVENUE		10,999,009	0	11,728,897	11,412,783	11,690,146	11,968,262	12,329,872	12,705,045
Revenue Over (Under) Expenditures		-131,553		307,458	260,892	205,499	140,911	149,574	161,248
Fund Balance									
Beginning Fund Balance/Reserves		5,645,372		5,711,532	6,018,990	5,529,883	5,735,382	5,876,293	6,025,867
Revenue Over (Under) Expenditures		(131,553)		307,458	260,892	205,499	140,911	149,574	161,248
One-Time Payment to HPFD					(750,000)	0	0	0	0
TOTAL Ending Balance of Reserves		5,711,532		6,018,990	5,529,883	5,735,382	5,876,293	6,025,867	6,187,115

Notes:

Salaries and Benefits are increased by Staffing Inflation Rate

Service and Supplies are increased by Service and Supply Inflation Rate

PERS amounts provided in November 2015 CalPERS report, page 5.

Household Hazardous Waste is cost to operate facility

Other Administration Costs For FY 2016/17 Include Post Employment Benefits, Financial Audit, CFD Administration, CalPERS Report,

State Controller Reporting. For FY 2017/18 and Beyond Post Retirement Benefits and CFD Administration if required.

Secured/Unsecured Property Taxes are increased 5.000% (over the 2016/17 Revised of \$3,914,090) for FY 2017/18 and 2.980% annually thereafter; HOPTR is decreased 4.000% annually

Secured is decreased 6.000% annually; Prior Supplemental is increase 2.980% annually.

Secured/Unsecured Property Taxes have been reduced to reflect the 1.4916% share of 1% general tax levy that will be going directly to the City.

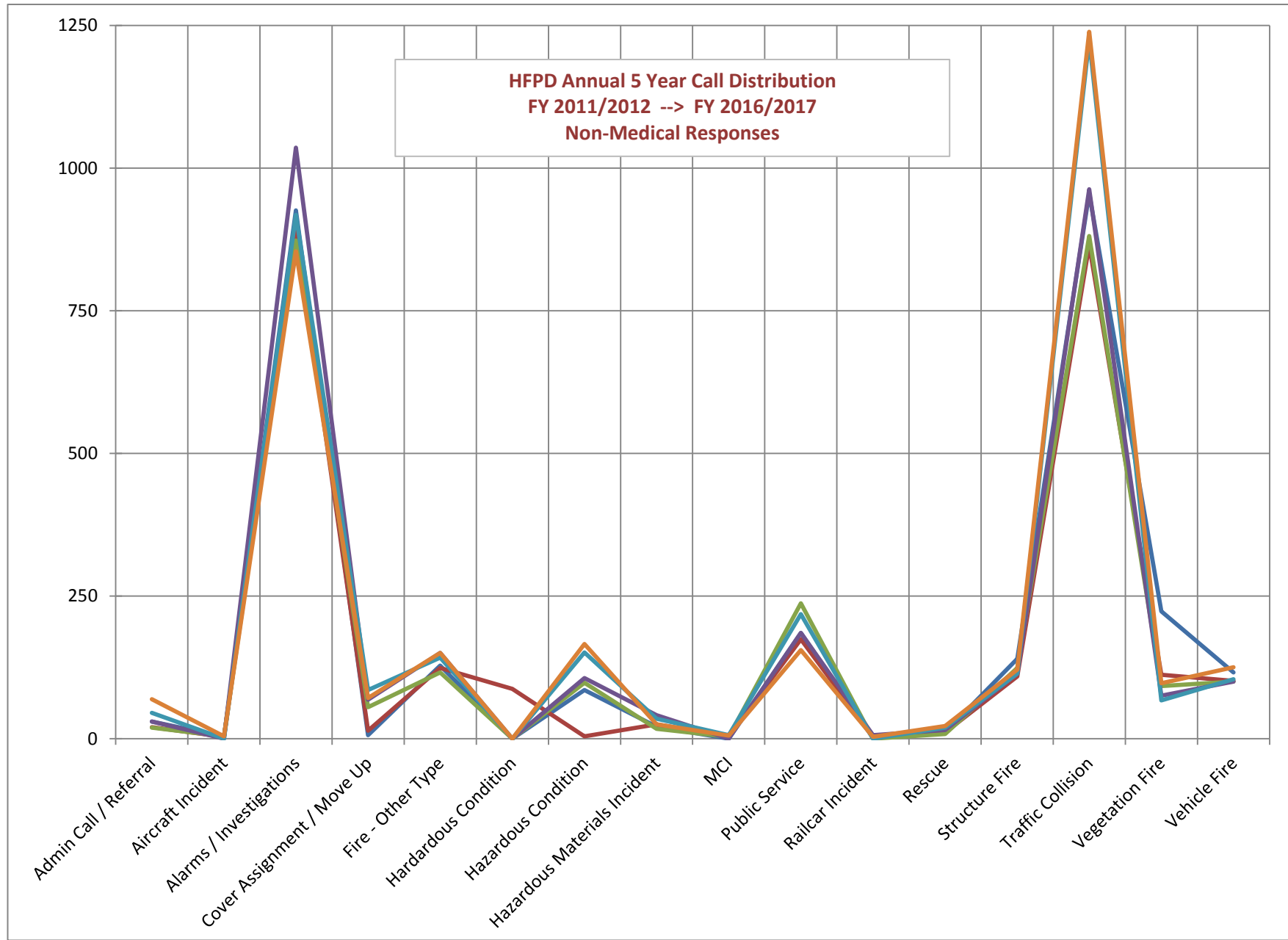
Charges For Service are increased 2.0% Annually

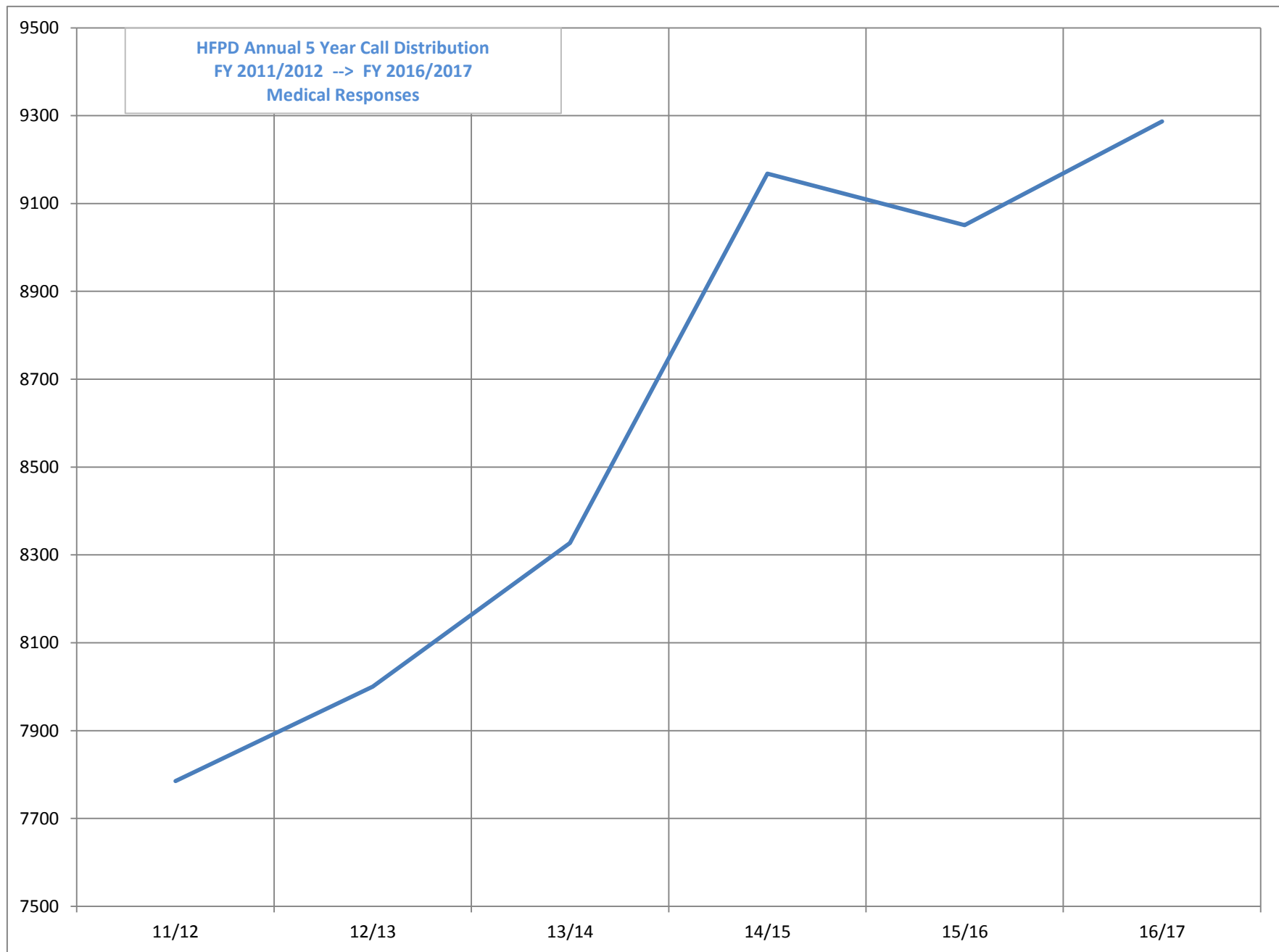
Additional revenues listed for cell tower leases under fy18/19 & 19/20 (agreement completed in 2020). All other revenues unchanged.

HFPD Annual 5 Year Call Distribution

FY 2011/2012 --> FY 2016/2017

	11/12	12/13	13/14	14/15	15/16	16/17	Yearly Average
Admin Call / Referral	30	20	19	30	45	69	35.5
Aircraft Incident	3	3	4	0	0	4	2.3
Alarms / Investigations	926	894	873	1036	918	854	916.8
Cover Assignment / Move Up	6	14	55	68	85	71	49.8
Fire - Other Type	128	124	116	150	142	150	135.0
Hardardous Condition	0	87	0	0	0	0	14.5
Hazardous Condition	85	4	98	106	151	166	101.7
Hazardous Materials Incident	21	25	17	41	35	25	27.3
MCI	0	4	3	0	6	5	3.0
Medical	7785	8000	8327	9168	9051	9287	8603.0
Public Service	185	174	237	185	218	155	192.3
Railcar Incident	1	3	0	6	0	3	2.2
Rescue	11	11	8	15	19	22	14.3
Structure Fire	140	109	124	114	114	121	120.3
Traffic Collision	956	865	881	963	1225	1239	1021.5
Vegetation Fire	223	112	92	75	67	97	111.0
Vehicle Fire	116	101	100	100	104	125	107.7
Annual Total	10616	10550	10954	12057	12180	12393	11458.3
Annual Percentage Growth		-0.62%	3.83%	10.07%	1.02%	1.75%	
5 Year Percentage Growth							14.34%





**Letter from Chief Sid Hultquist,
Apple Valley Fire Protection District
Supporting LAFCO Modification to
Proposal for Realignment of Fire
Providers along the Mojave River**

Attachment 3



RECEIVED

2017 AUG 10 AM 11:20

LOCAL AGENCY
FORMATION COMMISSION

APPLE VALLEY FIRE PROTECTION DISTRICT

22400 HEADQUARTERS DRIVE • APPLE VALLEY, CA 92307
TELEPHONE (760) 247-7618 • FAX (760) 247-3895
www.applevalleyfd.com

Date: August 7, 2017

To: Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

Re: LAFCO 3218 - Transfer of APN Parcels along the Apple Valley / Hesperia Border

Dear Ms. Rollings-McDonald:

The Apple Valley Fire Protection District was made aware of LAFCO annexation process #3218, with intent to modify a small section of the border between the Hesperia Fire Protection District and the Apple Valley Fire Protection District. The affected area is along the Mojave Riverbed within the confines of the floodplain. The proposed action would change the present curved borderline that follows the water flow (when active), and would instead follow the closest APN lines.

Careful study has convinced us that this process will serve to more accurately define and delineate the border according to predefined lines. We are further convinced that this action will not result in any action that would be adverse to either party. The land being discussed is undeveloped and the net result of any tax modification would be negligible.

There will be no affect upon the daily operations for the Fire Districts.

The Apple Valley Fire Protection District supports the annexation proposal #3218.

Respectfully,

Sid Hultquist, Fire Chief
Apple Valley Fire Protection District

"A Commitment to Service Excellence"

**Letter from Gary McBride,
County CEO Related to
Hesperia Fire Cash Flow
Concerns**

Attachment 4



County Administrative Office

Gary McBride
Chief Executive Officer

April 26, 2018

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Re: Hesperia Fire Service Annexation Cash Flow Issue

Dear Ms. Rollings-McDonald:

This is to confirm that County Fire and the County Administrative Office are aware of the initial period cash flow issues associated with the Hesperia service annexation. The deficit is not a budget deficit, but a cash flow deficit that will be remedied during the year as revenue is received.

County Fire has identified a solution wherein the deficit will be included within its property tax advance as allowed under California code. County Fire has discussed this option with the County Auditor-Controller/Treasurer/Tax Collector's office and has confirmed that sufficient capacity within the allowable limits of the property tax advance exists to accommodate the cash flow needs associated with the Hesperia fire service.

Sincerely,


GARY McBRIDE
Chief Executive Officer

GM:VC:mmm

cc: Mark Hartwig, Fire Chief
Don Trapp, Deputy Chief
John Chamberlin, Deputy Chief

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
Chairman, First District

JANICE RUTHERFORD
Second District

JAMES RAMOS
Third District

CURT HAGMAN
Vice Chairman, Fourth District

JOSIE GONZALES
Fifth District

Gary McBride
Chief Executive Officer

**Property Tax Transfer
Resolutions from County
and City of Hesperia
including Contract with
Auditor-Controller to
Address Pass Through from
City of Hesperia
Redevelopment Agency**

Attachment 5

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

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
AND RECORD OF ACTION**

March 20, 2018

FROM: GARY MCBRIDE, Chief Executive Officer
County Administrative Office

SUBJECT: LAFCO 3218 – REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM HESPERIA FIRE PROTECTION DISTRICT

RECOMMENDATION(S)

1. Acting as the governing body of the County of San Bernardino:
 - a. Adopt **Resolution 2018-24**:
 1. Accepting the property tax revenue amounts that would be transferred as a result of the pending reorganization related to LAFCO 3218 - Reorganization to include annexations to the San Bernardino County Fire Protection District, its North Desert Service Zone, and the divestiture of the functions of fire, emergency medical response and ambulance from Hesperia Fire Protection District, and
 2. Approving **Pass-Through Revenue Sharing Agreement No. 18-131** among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District, and the County of San Bernardino which authorizes the transfer of Hesperia Fire Protection District's share of tax increment revenue from Negotiated Pass-Through Agreements to the San Bernardino County Fire Protection District and the City of Hesperia, and
 3. Approving **Revenue Sharing Agreement No. 18-132** among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District, and the County of San Bernardino which will be implemented to provide for the transfer of property tax revenue, including tax increment revenue, if the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced.
2. Acting as the governing body of the San Bernardino County Fire Protection District:
 - a. Approve **Pass-Through Revenue Sharing Agreement No. 18-131** among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District, and the County of San Bernardino which authorizes the transfer of Hesperia Fire

Page 1 of 5

cc: **w/ resolution**
CAO-Clay w/ agrees
Contractor c/o CAO w/ agrees
LAFCO-Rollings-McDonald w/ agrees
SDD-Reception w/ agrees
CAO-McBride
CAO-Turturro, Forster, Pajot
SBCFPD-Chamberlain
File - Admin Office w/ orig agrees
File - w/ agree 18-131 (minute only)
File - w/ agree 18-132 (minute only)
mb 03/28/18
ITEM 68

Record of Action of the Board of Supervisors & Directors

APPROVED (CONSENT CALENDAR)

COUNTY OF SAN BERNARDINO

San Bernardino County Fire Protection District

MOTION

AYE

AYE

AYE

AYE

AYE

AYE

LAURA H. NELSON, CLERK OF THE BOARD & SECRETARY

BY

DATED: March 20, 2018

LAFCO 3218 - REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM HESPERIA FIRE PROTECTION DISTRICT
MARCH 20, 2018
PAGE 2 OF 5

Protection District's share of tax increment revenue from Negotiated Pass-Through Agreements to the San Bernardino County Fire Protection District and the City of Hesperia.

- b. Approve **Revenue Sharing Agreement No. 18-132** among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District, and the County of San Bernardino which will be implemented to provide for the transfer of property tax revenue, including tax increment revenue, if the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced.

(Presenter: Katrina Turturro, Deputy Executive Officer, 387-5423)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

Provide for the Safety, Health and Social Service Needs of County Residents.

Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The proposed property tax revenue transfer affects the San Bernardino County Fire Protection District (SBCFPD).

A determination of the property tax revenue transfer associated with the reorganization must occur prior to issuance of the Certificate of Filing by the Local Agency Formation Commission (LAFCO). The property tax transfer associated with this action shall only be effective upon satisfactory completion of the annexation proceedings.

Property tax revenue must be transferred to SBCFPD to fund fire suppression and emergency medical services that will be assumed by the SBCFPD and transferred to the City of Hesperia (City) to provide for payment of the unfunded retirement obligations of the Hesperia Fire Protection District (Hesperia Fire), which will continue to exist for this purpose only, as well as other City costs. The recommended redistribution of property tax revenue as a result of the pending reorganization related to LAFCO 3218 is as follows:

AFFECTED AGENCY	TRANSFER TO ⁽¹⁾	TRANSFER FROM ⁽¹⁾
Hesperia Fire Protection District		3,832,313
San Bernardino County Fire Protection District - Administration	207,588	
San Bernardino County Fire Protection District - North Desert Service Zone	3,252,217	
City of Hesperia	372,508	

LAFCO 3218 - REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM HESPERIA FIRE PROTECTION DISTRICT
MARCH 20, 2018
PAGE 3 OF 5

- (1) The transfer amounts above will be adjusted to account for growth in assessed valuation, with the intention to transfer 90.2798% of Hesperia Fire's ad valorem property taxes to the SBCFPD (6% to Administration and 94% to the North Desert Service Zone), and 9.7202% of the Hesperia Fire's ad valorem property taxes to the City of Hesperia.

In addition to the \$3.8 million property tax revenue transfer detailed above, property tax increment revenue of \$2.7 million from negotiated pass-through agreements resulting from the former City of Hesperia Community Redevelopment Agency (Hesperia RDA) project areas, currently received by Hesperia Fire, must also be transferred to SBCFPD and the City. However, these negotiated pass-through agreements, by their terms, preclude the transfer of this tax increment revenue to a successor entity. As a result, LAFCO is recommending the requirement for a contractual agreement to direct the San Bernardino County Auditor-Controller/Treasurer/Tax Collector to transfer the tax increment from these agreements consistent with the property tax transfer percentages above. Approval of the Pass-Through Revenue Sharing Agreement (Exhibit "C") will address this LAFCO condition of approval.

However, there are currently no guidelines on the transfer of revenue from negotiated pass-through agreements whose terms do not address this type of jurisdictional change. As a result, staff believes it is possible that the Pass-Through Revenue Sharing Agreement could be challenged and this revenue eliminated. As a result, the resolution also approves a Revenue Sharing Agreement (Exhibit "D") that will be implemented if the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced. This Revenue Sharing Agreement would temporarily reverse the property tax transfer above. This reversal, detailed in Exhibit "B", would return the property tax revenue to Hesperia Fire. As a party to the two negotiated pass-through agreements in question, the tax increment revenue would also return to Hesperia Fire. Pursuant to this agreement, this revenue would then be contractually transferred to the SBCFPD and the City consistent with the percentages noted above. If this occurs, the property tax revenue transfer identified in Exhibit "A" will be permanently reinstated when the Negotiated Pass-Through Agreements have expired.

BACKGROUND INFORMATION

On March 13, 2017, Hesperia Fire submitted an application to LAFCO to annex approximately 48,000 acres located within the boundaries of Hesperia Fire to the SBCFPD and its North Desert Service Zone. This change of organization, if approved, will entail the transfer of Hesperia Fire's assets, obligations, liabilities and responsibilities to SBCFPD and its related service zone. The application states the reason for the proposed annexation into the SBCFPD is to fully integrate the operations of Hesperia Fire into the San Bernardino County Fire structure and to take advantage of the economies of scale available within the organization. SBCFPD currently serves the residents of Hesperia Fire via a contract for services.

On June 7, 2017, LAFCO issued a Notice of Filing (NOF) notifying the affected agencies of the reorganization proposal. The NOF requires the San Bernardino County Auditor-

LAFCO 3218 - REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM HESPERIA FIRE PROTECTION DISTRICT
MARCH 20, 2018
PAGE 4 OF 5

Controller/Treasurer/Tax-Collector to estimate the property tax revenue and proportions by agency, which is used to establish the property tax revenue amounts to be transferred. A determination of the transfer of property tax revenue associated with the jurisdictional change must occur prior to issuance of the Certificate of Filing by LAFCO. The property tax exchange associated with this action will only be effective upon completion of the reorganization proceedings. In accordance with Section 99 of the California Revenue and Taxation Code, both the City and the Board of Supervisors (Board) must adopt resolutions related to this property tax exchange since revenues are to be distributed to both Special Districts (SBCFPD) and the City. The Board is responsible for acting on behalf of all special districts (board-governed or independent).

The SBCFPD anticipates that the cost of providing services to the annexation area in 2018-19 will be approximately \$11.2 million, and that sufficient revenues will be available to fund these services beginning in 2018-19 as follows:

- \$3.5 million Property Tax Transfer from Hesperia Fire
- \$2.4 million of property tax increment revenue from the Pass-Through Revenue Sharing Agreement, reflecting pass-throughs of tax increment revenue from the Hesperia RDA.
- \$0.7 million in additional property related revenue associated with the property tax transfer from Hesperia Fire. This amount includes estimated supplemental property taxes, unitary taxes, delinquent penalties and interest, former Redevelopment Agency (RDA) pass-throughs (other than the pass-throughs of the Hesperia RDA included in the previous bullet) and former RDA residual revenue.
- \$3.6 million of revenue from operations which includes ambulance fees, charges for services, household hazardous waste and fire prevention fees.
- \$0.9 million in special tax revenue from existing Community Facilities Districts.
- \$0.1 million in projected 2018-19 revenue growth on the property tax transfer (of \$3.5 million) from Hesperia Fire.

LAFCO has expressed concern on the financial sustainability of this Reorganization. This Reorganization would provide the same level of service currently provided in the Hesperia Fire Protection District. SBCFPD believes this Reorganization is financially sustainable based on the 5 Year Fiscal Impact Analysis provided to LAFCO, as well as additional Ground Emergency Medical Transportation revenue not included in the analysis. Additionally, decreases in retirement costs and continued revenue increases from redevelopment agency dissolution are anticipated outside the 5 year period covered by the Fiscal Impact Analysis.

PROCUREMENT

N/A

**LAFCO 3218 - REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN
BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH
DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS
OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM
HESPERIA FIRE PROTECTION DISTRICT
MARCH 20, 2018
PAGE 5 OF 5**

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn Martin, Deputy County Counsel, and Carol Greene, Supervising Deputy County Counsel, 387-5455) on March 12, 2018; SBCFPD (John Chamberlain, Deputy Chief, 387-5975) on March 14, 2018; Finance (Tom Forster, 387-4635 and Allegra Pajot, 387-5005, Administrative Analysts) on March 10, 2018; LAFCO (Kathleen Rollings-McDonald, Executive Officer, 388-0480) on March 11, 2018; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on March 12, 2018.

RESOLUTION NO. 2018-24

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DETERMINING THE AMOUNT OF PROPERTY TAX REVENUES TO BE EXCHANGED AMONG THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE AND THE CITY OF HESPERIA, RESULTING FROM THE JURISDICTIONAL CHANGE DESCRIBED BY LAFCO 3218 ENCOMPASSING THE JURISDICTIONAL BOUNDARIES OF THE HESPERIA FIRE PROTECTION DISTRICT

On Tuesday, March 20, 2018 on motion of Supervisor Hagman, duly seconded by Supervisor Gonzales and carried, the following resolution is adopted by the Board of Supervisors of San Bernardino County, State of California.

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

- A. Pursuant to Section 99 of the Revenue and Taxation Code, prior to the issuance of a Certificate of Filing by the Local Agency Formation Commission Executive Officer, the governing bodies of all local agencies whose service responsibilities will be altered by change of organization shall negotiate and determine by resolution the amount of property tax revenues to be exchanged among such local agencies.
- B. Except as provided in Section 99.1 of the Revenue and Taxation Code, in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the Board of Supervisors shall, on behalf of all special districts, negotiate any exchange of property tax revenues.
- C. The Board of Supervisors of the County of San Bernardino and the City of Hesperia have determined the amount of property tax revenues to be exchanged as a result of the following jurisdictional change:

LAFCO 3218 – REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM THE HESPERIA FIRE PROTECTION DISTRICT

- D. This jurisdictional change will affect the following "Negotiated Pass-Through Agreements" between the City of Hesperia Community Redevelopment Agency and the Hesperia Fire Protection District: (a) "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated July 15, 1993 (Attachment 1 to Exhibit "C" hereto); and (b) the "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated December 29, 1993 (Attachment 2 to Exhibit "C" hereto).
- E. It is necessary that the attached Pass-Through Revenue Sharing Agreement (Exhibit "C" hereto) shall be approved by the City of Hesperia (City), the Hesperia Fire Protection District (District), the San Bernardino County Fire Protection District (SBCFPD) and the County of San Bernardino (County) in order to maintain the current pass-through revenue stream to the District for the Negotiated Pass-Through Agreements between the District and the Hesperia Community Redevelopment Agency.

- F. It may be necessary to temporarily discontinue the transfer of property tax revenues to SBCFPD and the City from the District if, the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as a result of a final court judgement, state law or regulation change, state action or any action or proceeding by a third party that affects the Pass-Through Revenue Sharing Agreement, until the Negotiated Pass-Through Agreements have expired.

SECTION 2. The Board of Supervisors of the County of San Bernardino hereby resolves and orders that:

- A. The negotiated exchange of property tax revenue among the District, City, SBCFPD and its North Desert Service Zone, attached hereto as Exhibit "A" and incorporated herein by reference, resulting from the above described jurisdictional change(s), is hereby accepted.
- B. The Pass-Through Revenue Sharing Agreement attached hereto as Exhibit "C" and the Revenue Sharing Agreement attached hereto as Exhibit "D" are hereby approved, subject to the filing of the Certificate of Completion for LAFCO 3218. The Revenue Sharing Agreement shall only be implemented if one or more of the triggers identified in Section 5 of the Pass-Through Revenue Sharing Agreement occur. If the Certificate of Completion is not issued for LAFCO 3218, both agreements automatically terminate.
- C. If the County Auditor-Controller/Treasurer/Tax Collector notifies the County Chief Executive Officer that the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as described in (F) above, the County Chief Executive Officer, upon receipt of such notice and in consultation with County Counsel, shall provide notice to the City, the District, and the SBCFPD that the Pass-Through Revenue Sharing Agreement has terminated and the Revenue Sharing Agreement is being implemented. The Revenue Sharing Agreement will temporarily implement the property tax revenue exchange in Exhibit "B" to this Resolution. The property tax revenue exchange identified in Exhibit "A" will be permanently reinstated when the Negotiated Pass-Through Agreements expire.
- D. The annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change shall be allocated in future years pursuant to the provisions of Section 98 of the Revenue and Taxation Code.

SECTION 3. The Clerk of the Board of Supervisors is hereby directed to certify the passage of this resolution and to cause a certified copy to be sent to the Executive Officer of the Local Agency Formation Commission of the County of San Bernardino.

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

AYES:	SUPERVISORS:	Robert A. Lovingood, Janice Rutherford, James Ramos, Curt Hagman, Josie Gonzales
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NOES:	SUPERVISORS:	None
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ABSENT:	SUPERVISORS:	None
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* * * * *

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

I, **LAURA H. WELCH**, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of March 20, 2018. #68 mb

LAURA H. WELCH
Clerk of the Board of Supervisors

By

Deputy



LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20003	20004	20007	20008	20009
	Assessed Value	\$ 1,653,047	\$ 21,125	\$ 89,079,309	\$ -	\$ 21,975,750
	RDA Increment	\$ -	\$ 16,845	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 1,653,047	\$ 4,280	\$ 89,079,309	\$ -	\$ 21,975,750
	Tax Revenue	\$ 16,530	\$ 43	\$ 890,793	\$ -	\$ 219,758
		Change In	Change In	Change In	Change In	Change In
		Base Year	Base Year	Base Year	Base Year	Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (2,536)	\$ (7)	\$ (136,721)	\$ -	\$ (33,216)
Total Transfers From		\$ (2,536)	\$ (7)	\$ (136,721)	\$ -	\$ (33,216)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 2,152	\$ 6	\$ 116,026	\$ -	\$ 28,188
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 137	\$ 0	\$ 7,406	\$ -	\$ 1,799
CITY OF HESPERIA	9.7202%	\$ 247	\$ 1	\$ 13,290	\$ -	\$ 3,229
Total Transfers To		\$ 2,536	\$ 7	\$ 136,721	\$ -	\$ 33,216
TAX RATE AREA		20010	20012	20013	20015	20016
	Assessed Value	\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
	Tax Revenue	\$ 2,308,463	\$ -	\$ -	\$ 34,725	\$ -
		Change In	Change In	Change In	Change In	Change In
		Base Year	Base Year	Base Year	Base Year	Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (354,255)	\$ -	\$ -	\$ (5,374)	\$ -
Total Transfers From		\$ (354,255)	\$ -	\$ -	\$ (5,374)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 300,632	\$ -	\$ -	\$ 4,560	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 19,189	\$ -	\$ -	\$ 291	\$ -
CITY OF HESPERIA	9.7202%	\$ 34,434	\$ -	\$ -	\$ 522	\$ -
Total Transfers To		\$ 354,255	\$ -	\$ -	\$ 5,374	\$ -

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20018	20019	20020	20021	20022
	Assessed Value	\$ 3,095,199	\$ 116,033,694	\$ -	\$ -	\$ 4,748,640
	RDA Increment	\$ -	\$ 109,689,239	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 3,095,199	\$ 6,344,455	\$ -	\$ -	\$ 4,748,640
	Tax Revenue	\$ 30,952	\$ 63,445	\$ -	\$ -	\$ 47,486
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (5,016)	\$ (9,490)	\$ -	\$ -	\$ (7,285)
Total Transfers From		\$ (5,016)	\$ (9,490)	\$ -	\$ -	\$ (7,285)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 4,256	\$ 8,054	\$ -	\$ -	\$ 6,182
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 272	\$ 514	\$ -	\$ -	\$ 395
CITY OF HESPERIA	9.7202%	\$ 488	\$ 922	\$ -	\$ -	\$ 708
Total Transfers To		\$ 5,016	\$ 9,490	\$ -	\$ -	\$ 7,285

TAX RATE AREA		20023	20024	20025	20027	20028
	Assessed Value	\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
	Tax Revenue	\$ 47,537	\$ 196,454	\$ 12,108	\$ 60,431	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (7,295)	\$ (30,153)	\$ (1,877)	\$ (9,268)	\$ -
Total Transfers From		\$ (7,295)	\$ (30,153)	\$ (1,877)	\$ (9,268)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 6,191	\$ 25,589	\$ 1,593	\$ 7,865	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 395	\$ 1,633	\$ 102	\$ 502	\$ -
CITY OF HESPERIA	9.7202%	\$ 709	\$ 2,931	\$ 182	\$ 901	\$ -
Total Transfers To		\$ 7,295	\$ 30,153	\$ 1,877	\$ 9,268	\$ -

LAFCO 3218
Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20029	20032	20033	20036	20037
	Assessed Value	\$ 38,851,324	\$ -	\$ 375,619,875	\$ 3,686	\$ 10,287,375
	RDA Increment	\$ -	\$ -	\$ 228,636,899	\$ -	\$ 9,933,640
	Net Value After RDA / TRA Frozen Base	\$ 38,851,324	\$ -	\$ 146,982,976	\$ 3,686	\$ 353,735
	Tax Revenue	\$ 388,513	\$ -	\$ 1,469,830	\$ 37	\$ 3,537
		Change In	Change In	Change In	Change In	Change In
		Base Year	Base Year	Base Year	Base Year	Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (58,724)	\$ -	\$ (225,452)	\$ (6)	\$ (530)
Total Transfers From		\$ (58,724)	\$ -	\$ (225,452)	\$ (6)	\$ (530)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 49,835	\$ -	\$ 191,325	\$ 5	\$ 449
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 3,181	\$ -	\$ 12,212	\$ 0	\$ 29
CITY OF HESPERIA	9.7202%	\$ 5,708	\$ -	\$ 21,914	\$ 1	\$ 51
Total Transfers To		\$ 58,724	\$ -	\$ 225,452	\$ 6	\$ 530
TAX RATE AREA		20038	20039	20042	20043	20044
	Assessed Value	\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ 93,158,487
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ 93,158,487
	Net Value After RDA / TRA Frozen Base	\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ -
	Tax Revenue	\$ 245,553	\$ 102,348	\$ -	\$ -	\$ -
		Change In	Change In	Change In	Change In	Change In
		Base Year	Base Year	Base Year	Base Year	Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (36,745)	\$ (15,706)	\$ -	\$ -	\$ -
Total Transfers From		\$ (36,745)	\$ (15,706)	\$ -	\$ -	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 31,183	\$ 13,328	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 1,990	\$ 851	\$ -	\$ -	\$ -
CITY OF HESPERIA	9.7202%	\$ 3,572	\$ 1,527	\$ -	\$ -	\$ -
Total Transfers To		\$ 36,745	\$ 15,706	\$ -	\$ -	\$ -

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20045	20050	20051	20052	20053
	Assessed Value	\$ 104,552,894	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
	RDA Increment	\$ 97,890,169	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 6,662,725	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
	Tax Revenue	\$ 66,627	\$ 70,039	\$ 49,673	\$ 4,019	\$ 4,166
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (10,221)	\$ (10,742)	\$ (7,961)	\$ (616)	\$ (640)
Total Transfers From		\$ (10,221)	\$ (10,742)	\$ (7,961)	\$ (616)	\$ (640)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 8,674	\$ 9,116	\$ 6,756	\$ 523	\$ 543
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 554	\$ 582	\$ 431	\$ 33	\$ 35
CITY OF HESPERIA	9.7202%	\$ 993	\$ 1,044	\$ 774	\$ 60	\$ 62
Total Transfers To		\$ 10,221	\$ 10,742	\$ 7,961	\$ 616	\$ 640
TAX RATE AREA		20054	20055	20056	20057	20058
	Assessed Value	\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
	Tax Revenue	\$ 20,507	\$ -	\$ -	\$ -	\$ 138,887
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (3,145)	\$ -	\$ -	\$ -	\$ (21,289)
Total Transfers From		\$ (3,145)	\$ -	\$ -	\$ -	\$ (21,289)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 2,669	\$ -	\$ -	\$ -	\$ 18,067
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 170	\$ -	\$ -	\$ -	\$ 1,153
CITY OF HESPERIA	9.7202%	\$ 306	\$ -	\$ -	\$ -	\$ 2,069
Total Transfers To		\$ 3,145	\$ -	\$ -	\$ -	\$ 21,289

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20060	20061	20063	20064	20065
	Assessed Value	\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
	Tax Revenue	\$ 56,187	\$ 4,191	\$ 2,820	\$ 2,711	\$ 15,657
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (8,619)	\$ (643)	\$ (429)	\$ (416)	\$ (2,402)
Total Transfers From		\$ (8,619)	\$ (643)	\$ (429)	\$ (416)	\$ (2,402)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 7,314	\$ 546	\$ 364	\$ 353	\$ 2,038
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 467	\$ 35	\$ 23	\$ 23	\$ 130
CITY OF HESPERIA	9.7202%	\$ 838	\$ 63	\$ 42	\$ 40	\$ 233
Total Transfers To		\$ 8,619	\$ 643	\$ 429	\$ 416	\$ 2,402
TAX RATE AREA		20067	20069	20070	20072	20074
	Assessed Value	\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 70,556,690	\$ 112,644,579
	RDA Increment	\$ -	\$ -	\$ -	\$ 66,102,050	\$ 71,703,957
	Net Value After RDA / TRA Frozen Base	\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 4,454,640	\$ 40,940,622
	Tax Revenue	\$ 5,757	\$ 131,010	\$ 103,388	\$ 44,546	\$ 409,406
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (894)	\$ (20,994)	\$ (15,875)	\$ (6,833)	\$ (62,797)
Total Transfers From		\$ (894)	\$ (20,994)	\$ (15,875)	\$ (6,833)	\$ (62,797)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 759	\$ 17,817	\$ 13,472	\$ 5,798	\$ 53,292
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 48	\$ 1,137	\$ 860	\$ 370	\$ 3,402
CITY OF HESPERIA	9.7202%	\$ 87	\$ 2,041	\$ 1,543	\$ 664	\$ 6,104
Total Transfers To		\$ 894	\$ 20,994	\$ 15,875	\$ 6,833	\$ 62,797

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20076	20077	20079	20080	20082
Assessed Value		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 146,558,099	\$ 126,119,145
RDA Increment		\$ -	\$ -	\$ -	\$ 83,935,992	\$ 66,627,367
Net Value After RDA / TRA Frozen Base		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 62,622,107	\$ 59,491,778
Tax Revenue		\$ -	\$ 20,410	\$ 109,168	\$ 626,221	\$ 594,918
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ (3,130)	\$ (16,753)	\$ (96,055)	\$ (91,252)
Total Transfers From		\$ -	\$ (3,130)	\$ (16,753)	\$ (96,055)	\$ (91,252)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ 2,656	\$ 14,217	\$ 81,515	\$ 77,439
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ 170	\$ 907	\$ 5,203	\$ 4,943
CITY OF HESPERIA	9.7202%	\$ -	\$ 304	\$ 1,628	\$ 9,337	\$ 8,870
Total Transfers To		\$ -	\$ 3,130	\$ 16,753	\$ 96,055	\$ 91,252
TAX RATE AREA		20083	20084	20085	20086	20087
Assessed Value		\$ 79,676,065	\$ 10,490,761	\$ 2,638,840	\$ 18,312,439	\$ -
RDA Increment		\$ -	\$ -	\$ 1,742,298	\$ 8,475,977	\$ (428,141)
Net Value After RDA / TRA Frozen Base		\$ 79,676,065	\$ 10,490,761	\$ 896,542	\$ 9,836,462	\$ -
Tax Revenue		\$ 796,761	\$ 104,908	\$ 8,965	\$ 98,365	\$ -
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (122,258)	\$ (16,097)	\$ (1,375)	\$ (15,088)	\$ -
Total Transfers From		\$ (122,258)	\$ (16,097)	\$ (1,375)	\$ (15,088)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 103,751	\$ 13,661	\$ 1,167	\$ 12,804	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 6,622	\$ 872	\$ 74	\$ 817	\$ -
CITY OF HESPERIA	9.7202%	\$ 11,884	\$ 1,565	\$ 134	\$ 1,467	\$ -
Total Transfers To		\$ 122,258	\$ 16,097	\$ 1,375	\$ 15,088	\$ -

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
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Exhibit A

TAX RATE AREA		20088	20089	20090	20092	20093
Assessed Value		\$ 163,765,173	\$ -	\$ 2,167,917,493	\$ 395,926,793	\$ 11,258
RDA Increment		\$ 95,368,688	\$ -	\$ 1,194,812,901	\$ 354,371,667	\$ 3,870
Net Value After RDA / TRA Frozen Base		\$ 68,396,485	\$ -	\$ 973,104,592	\$ 41,555,126	\$ 7,388
Tax Revenue		\$ 683,965	\$ -	\$ 9,731,046	\$ 415,551	\$ 74
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (104,913)	\$ -	\$ (1,492,651)	\$ (63,740)	\$ (11)
Total Transfers From		\$ (104,913)	\$ -	\$ (1,492,651)	\$ (63,740)	\$ (11)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 89,032	\$ -	\$ 1,266,709	\$ 54,092	\$ 10
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 5,683	\$ -	\$ 80,854	\$ 3,453	\$ 1
CITY OF HESPERIA	9.7202%	\$ 10,198	\$ -	\$ 145,088	\$ 6,196	\$ 1
Total Transfers To		\$ 104,913	\$ -	\$ 1,492,651	\$ 63,740	\$ 11
TAX RATE AREA		20094	20095	20096	20097	20101
Assessed Value		\$ 393,149,713	\$ -	\$ 12,183,447	\$ 185,898,843	\$ 16,782,006
RDA Increment		\$ 229,038,069	\$ -	\$ 3,457,915	\$ 174,417,539	\$ 6,584,617
Net Value After RDA / TRA Frozen Base		\$ 164,111,644	\$ -	\$ 8,725,532	\$ 11,481,304	\$ 10,197,389
Tax Revenue		\$ 1,641,116	\$ -	\$ 87,255	\$ 114,813	\$ 101,974
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (251,726)	\$ -	\$ (13,384)	\$ (17,612)	\$ (15,642)
Total Transfers From		\$ (251,726)	\$ -	\$ (13,384)	\$ (17,612)	\$ (15,642)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 213,622	\$ -	\$ 11,358	\$ 14,946	\$ 13,274
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 13,635	\$ -	\$ 725	\$ 954	\$ 847
CITY OF HESPERIA	9.7202%	\$ 24,468	\$ -	\$ 1,301	\$ 1,712	\$ 1,520
Total Transfers To		\$ 251,726	\$ -	\$ 13,384	\$ 17,612	\$ 15,642

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
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Exhibit A

TAX RATE AREA		20102	20103	20104	20105	20106
	Assessed Value	\$ 113,280,978	\$ 4,110,484	\$ 6,519,609	\$ 695,296	\$ 75,436,544
	RDA Increment	\$ 71,792,892	\$ 1,879,784	\$ 4,482,762	\$ 458,607	\$ 53,831,782
	Net Value After RDA / TRA Frozen Base	\$ 41,488,086	\$ 2,230,700	\$ 2,036,847	\$ 236,689	\$ 21,604,762
	Tax Revenue	\$ 414,881	\$ 22,307	\$ 20,368	\$ 2,367	\$ 216,048
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (63,639)	\$ (3,424)	\$ (3,125)	\$ (363)	\$ (33,139)
Total Transfers From		\$ (63,639)	\$ (3,424)	\$ (3,125)	\$ (363)	\$ (33,139)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 54,006	\$ 2,905	\$ 2,652	\$ 308	\$ 28,123
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 3,447	\$ 185	\$ 169	\$ 20	\$ 1,795
CITY OF HESPERIA	9.7202%	\$ 6,186	\$ 333	\$ 304	\$ 35	\$ 3,221
Total Transfers To		\$ 63,639	\$ 3,424	\$ 3,125	\$ 363	\$ 33,139
TAX RATE AREA		20107	20108	20109	20110	20111
	Assessed Value	\$ -	\$ 181,189,707	\$ -	\$ 20,171,793	\$ -
	RDA Increment	\$ -	\$ 110,795,463	\$ -	\$ 10,995,384	\$ -
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 70,394,244	\$ -	\$ 9,176,409	\$ -
	Tax Revenue	\$ -	\$ 703,942	\$ -	\$ 91,764	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ (107,980)	\$ -	\$ (14,084)	\$ -
Total Transfers From		\$ -	\$ (107,980)	\$ -	\$ (14,084)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ 91,635	\$ -	\$ 11,952	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ 5,849	\$ -	\$ 763	\$ -
CITY OF HESPERIA	9.7202%	\$ -	\$ 10,496	\$ -	\$ 1,369	\$ -
Total Transfers To		\$ -	\$ 107,980	\$ -	\$ 14,084	\$ -

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Exhibit A

TAX RATE AREA		20112	20113	20114	20115	20116
	Assessed Value	\$ -	\$ 14,168,993	\$ 18,600,482	\$ 2,786,560	\$ 3,811,050
	RDA Increment	\$ -	\$ 13,457,795	\$ 15,042,065	\$ 2,704,317	\$ -
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 711,198	\$ 3,558,417	\$ 82,243	\$ 3,811,050
	Tax Revenue	\$ -	\$ 7,112	\$ 35,584	\$ 822	\$ 38,111
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ (1,091)	\$ (5,703)	\$ (126)	\$ (5,847)
Total Transfers From		\$ -	\$ (1,091)	\$ (5,703)	\$ (126)	\$ (5,847)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ 926	\$ 4,840	\$ 107	\$ 4,962
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ 59	\$ 309	\$ 7	\$ 317
CITY OF HESPERIA	9.7202%	\$ -	\$ 106	\$ 554	\$ 12	\$ 568
Total Transfers To		\$ -	\$ 1,091	\$ 5,703	\$ 126	\$ 5,847
TAX RATE AREA		20117	20118	20119	20120	20121
	Assessed Value	\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
	Tax Revenue	\$ 1,282	\$ 308,585	\$ 129,508	\$ 43,558	\$ 57,245
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (199)	\$ (47,276)	\$ (20,696)	\$ (6,671)	\$ (8,769)
Total Transfers From		\$ (199)	\$ (47,276)	\$ (20,696)	\$ (6,671)	\$ (8,769)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 169	\$ 40,120	\$ 17,563	\$ 5,661	\$ 7,442
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 11	\$ 2,561	\$ 1,121	\$ 361	\$ 475
CITY OF HESPERIA	9.7202%	\$ 19	\$ 4,595	\$ 2,012	\$ 648	\$ 852
Total Transfers To		\$ 199	\$ 47,276	\$ 20,696	\$ 6,671	\$ 8,769

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
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Exhibit A

TAX RATE AREA		20122	20124	20125	20127	54011
	Assessed Value	\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
	Tax Revenue	\$ 65,099	\$ 176,286	\$ 210,689	\$ 23,142	\$ 13,327
		Change In	Change In	Change In	Change In	Change In
		Base Year	Base Year	Base Year	Base Year	Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (9,970)	\$ (26,989)	\$ (33,671)	\$ (3,698)	\$ -
Total Transfers From		\$ (9,970)	\$ (26,989)	\$ (33,671)	\$ (3,698)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 8,461	\$ 22,904	\$ 28,574	\$ 3,138	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 540	\$ 1,462	\$ 1,824	\$ 200	\$ -
CITY OF HESPERIA	9.7202%	\$ 969	\$ 2,623	\$ 3,273	\$ 359	\$ -
Total Transfers To		\$ 9,970	\$ 26,989	\$ 33,671	\$ 3,698	\$ -
TAX RATE AREA		54066	54086	79001	79003	79018
	Assessed Value	\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
	Tax Revenue	\$ -	\$ 390,272	\$ -	\$ -	\$ -
		Change In	Change In	Change In	Change In	Change In
		Base Year	Base Year	Base Year	Base Year	Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers From		\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ -	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ -	\$ -	\$ -	\$ -
CITY OF HESPERIA	9.7202%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers To		\$ -	\$ -	\$ -	\$ -	\$ -

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
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Exhibit A

TAX RATE AREA		79044	21036			GRAND TOTAL
Assessed Value		\$ -	\$ 118,832			\$ 5,719,122,266
RDA Increment		\$ -	\$ -			\$ 3,180,980,896
Net Value After RDA / TRA Frozen Base		\$ -	\$ 118,832			\$ 2,537,713,229
Tax Revenue		\$ -	\$ 1,188			\$ 25,377,132
		Change In	Change In			Change In
		Base Year	Base Year			Base Year
Negotiated Percentage		2017-18	2017-18			2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ -			\$ (3,832,313)
Total Transfers From		\$ -	\$ -			\$ (3,832,313)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ -			\$ 3,252,217
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ -			\$ 207,588
CITY OF HESPERIA	9.7202%	\$ -	\$ -			\$ 372,508
Total Transfers To		\$ -	\$ -			\$ 3,832,313

Note: The transfer amounts will be adjusted to account for growth in assessed valuation, with the intention to transfer 90.2798% of Hesperia Fire Protection District's ad valorem property taxes to the San Bernardino County Fire Protection District (6% to Administration and 94% to the North Desert Service Zone), and 9.7202% of the Hesperia Fire's ad valorem property taxes to the City of Hesperia.

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Exhibit B

TAX RATE AREA		20003	20004	20007	20008	20009
Assessed Value		\$ 1,653,047	\$ 21,125	\$ 89,079,309	\$ -	\$ 21,975,750
RDA Increment		\$ -	\$ 16,845	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 1,653,047	\$ 4,280	\$ 89,079,309	\$ -	\$ 21,975,750
Tax Revenue		\$ 16,530	\$ 43	\$ 890,793	\$ -	\$ 219,758
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 2,536	\$ 7	\$ 136,721	\$ -	\$ 33,216
Total Transfers From		\$ 2,536	\$ 7	\$ 136,721	\$ -	\$ 33,216
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (2,152)	\$ (6)	\$ (116,026)	\$ -	\$ (28,188)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (137)	\$ (0)	\$ (7,406)	\$ -	\$ (1,799)
CITY OF HESPERIA	-9.7202%	\$ (247)	\$ (1)	\$ (13,290)	\$ -	\$ (3,229)
Total Transfers To		\$ (2,536)	\$ (7)	\$ (136,721)	\$ -	\$ (33,216)
TAX RATE AREA		20010	20012	20013	20015	20016
Assessed Value		\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
Tax Revenue		\$ 2,308,463	\$ -	\$ -	\$ 34,725	\$ -
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 354,255	\$ -	\$ -	\$ 5,374	\$ -
Total Transfers From		\$ 354,255	\$ -	\$ -	\$ 5,374	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (300,632)	\$ -	\$ -	\$ (4,560)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (19,189)	\$ -	\$ -	\$ (291)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (34,434)	\$ -	\$ -	\$ (522)	\$ -
Total Transfers To		\$ (354,255)	\$ -	\$ -	\$ (5,374)	\$ -

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
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Exhibit B

TAX RATE AREA		20018	20019	20020	20021	20022
Assessed Value		\$ 3,095,199	\$ 116,033,694	\$ -	\$ -	\$ 4,748,640
RDA Increment		\$ -	\$ 109,689,239	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 3,095,199	\$ 6,344,455	\$ -	\$ -	\$ 4,748,640
Tax Revenue		\$ 30,952	\$ 63,445	\$ -	\$ -	\$ 47,486
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 5,016	\$ 9,490	\$ -	\$ -	\$ 7,285
Total Transfers From		\$ 5,016	\$ 9,490	\$ -	\$ -	\$ 7,285
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (4,256)	\$ (8,054)	\$ -	\$ -	\$ (6,182)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (272)	\$ (514)	\$ -	\$ -	\$ (395)
CITY OF HESPERIA	-9.7202%	\$ (488)	\$ (922)	\$ -	\$ -	\$ (708)
Total Transfers To		\$ (5,016)	\$ (9,490)	\$ -	\$ -	\$ (7,285)
TAX RATE AREA		20023	20024	20025	20027	20028
Assessed Value		\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
Tax Revenue		\$ 47,537	\$ 196,454	\$ 12,108	\$ 60,431	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 7,295	\$ 30,153	\$ 1,877	\$ 9,268	\$ -
Total Transfers From		\$ 7,295	\$ 30,153	\$ 1,877	\$ 9,268	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (6,191)	\$ (25,589)	\$ (1,593)	\$ (7,865)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (395)	\$ (1,633)	\$ (102)	\$ (502)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (709)	\$ (2,931)	\$ (182)	\$ (901)	\$ -
Total Transfers To		\$ (7,295)	\$ (30,153)	\$ (1,877)	\$ (9,268)	\$ -

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Exhibit B

TAX RATE AREA		20029	20032	20033	20036	20037
Assessed Value		\$ 38,851,324	\$ -	\$ 375,619,875	\$ 3,686	\$ 10,287,375
RDA Increment		\$ -	\$ -	\$ 228,636,899	\$ -	\$ 9,933,640
Net Value After RDA / TRA Frozen Base		\$ 38,851,324	\$ -	\$ 146,982,976	\$ 3,686	\$ 353,735
Tax Revenue		\$ 388,513	\$ -	\$ 1,469,830	\$ 37	\$ 3,537
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 58,724	\$ -	\$ 225,452	\$ 6	\$ 530
Total Transfers From		\$ 58,724	\$ -	\$ 225,452	\$ 6	\$ 530
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (49,835)	\$ -	\$ (191,325)	\$ (5)	\$ (449)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (3,181)	\$ -	\$ (12,212)	\$ (0)	\$ (29)
CITY OF HESPERIA	-9.7202%	\$ (5,708)	\$ -	\$ (21,914)	\$ (1)	\$ (51)
Total Transfers To		\$ (58,724)	\$ -	\$ (225,452)	\$ (6)	\$ (530)
TAX RATE AREA		20038	20039	20042	20043	20044
Assessed Value		\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ 93,158,487
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ 93,158,487
Net Value After RDA / TRA Frozen Base		\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ -
Tax Revenue		\$ 245,553	\$ 102,348	\$ -	\$ -	\$ -
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 36,745	\$ 15,706	\$ -	\$ -	\$ -
Total Transfers From		\$ 36,745	\$ 15,706	\$ -	\$ -	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (31,183)	\$ (13,328)	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (1,990)	\$ (851)	\$ -	\$ -	\$ -
CITY OF HESPERIA	-9.7202%	\$ (3,572)	\$ (1,527)	\$ -	\$ -	\$ -
Total Transfers To		\$ (36,745)	\$ (15,706)	\$ -	\$ -	\$ -

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
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Exhibit B

TAX RATE AREA		20045	20050	20051	20052	20053
Assessed Value		\$ 104,552,894	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
RDA Increment		\$ 97,890,169	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 6,662,725	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
Tax Revenue		\$ 66,627	\$ 70,039	\$ 49,673	\$ 4,019	\$ 4,166
		Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year
Negotiated Percentage		2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 10,221	\$ 10,742	\$ 7,961	\$ 616	\$ 640
Total Transfers From		\$ 10,221	\$ 10,742	\$ 7,961	\$ 616	\$ 640
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (8,674)	\$ (9,116)	\$ (6,756)	\$ (523)	\$ (543)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (554)	\$ (582)	\$ (431)	\$ (33)	\$ (35)
CITY OF HESPERIA	-9.7202%	\$ (993)	\$ (1,044)	\$ (774)	\$ (60)	\$ (62)
Total Transfers To		\$ (10,221)	\$ (10,742)	\$ (7,961)	\$ (616)	\$ (640)
TAX RATE AREA		20054	20055	20056	20057	20058
Assessed Value		\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
Tax Revenue		\$ 20,507	\$ -	\$ -	\$ -	\$ 138,887
		Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year
Negotiated Percentage		2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 3,145	\$ -	\$ -	\$ -	\$ 21,289
Total Transfers From		\$ 3,145	\$ -	\$ -	\$ -	\$ 21,289
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (2,669)	\$ -	\$ -	\$ -	\$ (18,067)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (170)	\$ -	\$ -	\$ -	\$ (1,153)
CITY OF HESPERIA	-9.7202%	\$ (306)	\$ -	\$ -	\$ -	\$ (2,069)
Total Transfers To		\$ (3,145)	\$ -	\$ -	\$ -	\$ (21,289)

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Exhibit B

TAX RATE AREA		20060	20061	20063	20064	20065
Assessed Value		\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
Tax Revenue		\$ 56,187	\$ 4,191	\$ 2,820	\$ 2,711	\$ 15,657
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 8,619	\$ 643	\$ 429	\$ 416	\$ 2,402
Total Transfers From		\$ 8,619	\$ 643	\$ 429	\$ 416	\$ 2,402
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (7,314)	\$ (546)	\$ (364)	\$ (353)	\$ (2,038)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (467)	\$ (35)	\$ (23)	\$ (23)	\$ (130)
CITY OF HESPERIA	-9.7202%	\$ (838)	\$ (63)	\$ (42)	\$ (40)	\$ (233)
Total Transfers To		\$ (8,619)	\$ (643)	\$ (429)	\$ (416)	\$ (2,402)
TAX RATE AREA		20067	20069	20070	20072	20074
Assessed Value		\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 70,556,690	\$ 112,644,579
RDA Increment		\$ -	\$ -	\$ -	\$ 66,102,050	\$ 71,703,957
Net Value After RDA / TRA Frozen Base		\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 4,454,640	\$ 40,940,622
Tax Revenue		\$ 5,757	\$ 131,010	\$ 103,388	\$ 44,546	\$ 409,406
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 894	\$ 20,994	\$ 15,875	\$ 6,833	\$ 62,797
Total Transfers From		\$ 894	\$ 20,994	\$ 15,875	\$ 6,833	\$ 62,797
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (759)	\$ (17,817)	\$ (13,472)	\$ (5,798)	\$ (53,292)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (48)	\$ (1,137)	\$ (860)	\$ (370)	\$ (3,402)
CITY OF HESPERIA	-9.7202%	\$ (87)	\$ (2,041)	\$ (1,543)	\$ (664)	\$ (6,104)
Total Transfers To		\$ (894)	\$ (20,994)	\$ (15,875)	\$ (6,833)	\$ (62,797)

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Exhibit B

TAX RATE AREA		20076	20077	20079	20080	20082
Assessed Value		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 146,558,099	\$ 126,119,145
RDA Increment		\$ -	\$ -	\$ -	\$ 83,935,992	\$ 66,627,367
Net Value After RDA / TRA Frozen Base		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 62,622,107	\$ 59,491,778
Tax Revenue		\$ -	\$ 20,410	\$ 109,168	\$ 626,221	\$ 594,918
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ 3,130	\$ 16,753	\$ 96,055	\$ 91,252
Total Transfers From		\$ -	\$ 3,130	\$ 16,753	\$ 96,055	\$ 91,252
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ (2,656)	\$ (14,217)	\$ (81,515)	\$ (77,439)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ (170)	\$ (907)	\$ (5,203)	\$ (4,943)
CITY OF HESPERIA	-9.7202%	\$ -	\$ (304)	\$ (1,628)	\$ (9,337)	\$ (8,870)
Total Transfers To		\$ -	\$ (3,130)	\$ (16,753)	\$ (96,055)	\$ (91,252)
TAX RATE AREA		20083	20084	20085	20086	20087
Assessed Value		\$ 79,676,065	\$ 10,490,761	\$ 2,638,840	\$ 18,312,439	\$ -
RDA Increment		\$ -	\$ -	\$ 1,742,298	\$ 8,475,977	\$ (428,141)
Net Value After RDA / TRA Frozen Base		\$ 79,676,065	\$ 10,490,761	\$ 896,542	\$ 9,836,462	\$ -
Tax Revenue		\$ 796,761	\$ 104,908	\$ 8,965	\$ 98,365	\$ -
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 122,258	\$ 16,097	\$ 1,375	\$ 15,088	\$ -
Total Transfers From		\$ 122,258	\$ 16,097	\$ 1,375	\$ 15,088	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (103,751)	\$ (13,661)	\$ (1,167)	\$ (12,804)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (6,622)	\$ (872)	\$ (74)	\$ (817)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (11,884)	\$ (1,565)	\$ (134)	\$ (1,467)	\$ -
Total Transfers To		\$ (122,258)	\$ (16,097)	\$ (1,375)	\$ (15,088)	\$ -

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Exhibit B

TAX RATE AREA		20088	20089	20090	20092	20093
Assessed Value		\$ 163,765,173	\$ -	\$ 2,167,917,493	\$ 395,926,793	\$ 11,258
RDA Increment		\$ 95,368,688	\$ -	\$ 1,194,812,901	\$ 354,371,667	\$ 3,870
Net Value After RDA / TRA Frozen Base		\$ 68,396,485	\$ -	\$ 973,104,592	\$ 41,555,126	\$ 7,388
Tax Revenue		\$ 683,965	\$ -	\$ 9,731,046	\$ 415,551	\$ 74
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 104,913	\$ -	\$ 1,492,651	\$ 63,740	\$ 11
Total Transfers From		\$ 104,913	\$ -	\$ 1,492,651	\$ 63,740	\$ 11
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (89,032)	\$ -	\$ (1,266,709)	\$ (54,092)	\$ (10)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (5,683)	\$ -	\$ (80,854)	\$ (3,453)	\$ (1)
CITY OF HESPERIA	-9.7202%	\$ (10,198)	\$ -	\$ (145,088)	\$ (6,196)	\$ (1)
Total Transfers To		\$ (104,913)	\$ -	\$ (1,492,651)	\$ (63,740)	\$ (11)
TAX RATE AREA		20094	20095	20096	20097	20101
Assessed Value		\$ 393,149,713	\$ -	\$ 12,183,447	\$ 185,898,843	\$ 16,782,006
RDA Increment		\$ 229,038,069	\$ -	\$ 3,457,915	\$ 174,417,539	\$ 6,584,617
Net Value After RDA / TRA Frozen Base		\$ 164,111,644	\$ -	\$ 8,725,532	\$ 11,481,304	\$ 10,197,389
Tax Revenue		\$ 1,641,116	\$ -	\$ 87,255	\$ 114,813	\$ 101,974
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 251,726	\$ -	\$ 13,384	\$ 17,612	\$ 15,642
Total Transfers From		\$ 251,726	\$ -	\$ 13,384	\$ 17,612	\$ 15,642
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (213,622)	\$ -	\$ (11,358)	\$ (14,946)	\$ (13,274)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (13,635)	\$ -	\$ (725)	\$ (954)	\$ (847)
CITY OF HESPERIA	-9.7202%	\$ (24,468)	\$ -	\$ (1,301)	\$ (1,712)	\$ (1,520)
Total Transfers To		\$ (251,726)	\$ -	\$ (13,384)	\$ (17,612)	\$ (15,642)

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Exhibit B

TAX RATE AREA		20102	20103	20104	20105	20106
Assessed Value		\$ 113,280,978	\$ 4,110,484	\$ 6,519,609	\$ 695,296	\$ 75,436,544
RDA Increment		\$ 71,792,892	\$ 1,879,784	\$ 4,482,762	\$ 458,607	\$ 53,831,782
Net Value After RDA / TRA Frozen Base		\$ 41,488,086	\$ 2,230,700	\$ 2,036,847	\$ 236,689	\$ 21,604,762
Tax Revenue		\$ 414,881	\$ 22,307	\$ 20,368	\$ 2,367	\$ 216,048
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 63,639	\$ 3,424	\$ 3,125	\$ 363	\$ 33,139
Total Transfers From		\$ 63,639	\$ 3,424	\$ 3,125	\$ 363	\$ 33,139
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (54,006)	\$ (2,905)	\$ (2,652)	\$ (308)	\$ (28,123)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (3,447)	\$ (185)	\$ (169)	\$ (20)	\$ (1,795)
CITY OF HESPERIA	-9.7202%	\$ (6,186)	\$ (333)	\$ (304)	\$ (35)	\$ (3,221)
Total Transfers To		\$ (63,639)	\$ (3,424)	\$ (3,125)	\$ (363)	\$ (33,139)
TAX RATE AREA		20107	20108	20109	20110	20111
Assessed Value		\$ -	\$ 181,189,707	\$ -	\$ 20,171,793	\$ -
RDA Increment		\$ -	\$ 110,795,463	\$ -	\$ 10,995,384	\$ -
Net Value After RDA / TRA Frozen Base		\$ -	\$ 70,394,244	\$ -	\$ 9,176,409	\$ -
Tax Revenue		\$ -	\$ 703,942	\$ -	\$ 91,764	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ 107,980	\$ -	\$ 14,084	\$ -
Total Transfers From		\$ -	\$ 107,980	\$ -	\$ 14,084	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ (91,635)	\$ -	\$ (11,952)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ (5,849)	\$ -	\$ (763)	\$ -
CITY OF HESPERIA	-9.7202%	\$ -	\$ (10,496)	\$ -	\$ (1,369)	\$ -
Total Transfers To		\$ -	\$ (107,980)	\$ -	\$ (14,084)	\$ -

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Exhibit B

TAX RATE AREA		20112	20113	20114	20115	20116
	Assessed Value	\$ -	\$ 14,168,993	\$ 18,600,482	\$ 2,786,560	\$ 3,811,050
	RDA Increment	\$ -	\$ 13,457,795	\$ 15,042,065	\$ 2,704,317	\$ -
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 711,198	\$ 3,558,417	\$ 82,243	\$ 3,811,050
	Tax Revenue	\$ -	\$ 7,112	\$ 35,584	\$ 822	\$ 38,111
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ 1,091	\$ 5,703	\$ 126	\$ 5,847
Total Transfers From		\$ -	\$ 1,091	\$ 5,703	\$ 126	\$ 5,847
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ (926)	\$ (4,840)	\$ (107)	\$ (4,962)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ (59)	\$ (309)	\$ (7)	\$ (317)
CITY OF HESPERIA	-9.7202%	\$ -	\$ (106)	\$ (554)	\$ (12)	\$ (568)
Total Transfers To		\$ -	\$ (1,091)	\$ (5,703)	\$ (126)	\$ (5,847)

TAX RATE AREA		20117	20118	20119	20120	20121
	Assessed Value	\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
	Tax Revenue	\$ 1,282	\$ 308,585	\$ 129,508	\$ 43,558	\$ 57,245
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 199	\$ 47,276	\$ 20,696	\$ 6,671	\$ 8,769
Total Transfers From		\$ 199	\$ 47,276	\$ 20,696	\$ 6,671	\$ 8,769
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (169)	\$ (40,120)	\$ (17,563)	\$ (5,661)	\$ (7,442)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (11)	\$ (2,561)	\$ (1,121)	\$ (361)	\$ (475)
CITY OF HESPERIA	-9.7202%	\$ (19)	\$ (4,595)	\$ (2,012)	\$ (648)	\$ (852)
Total Transfers To		\$ (199)	\$ (47,276)	\$ (20,696)	\$ (6,671)	\$ (8,769)

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit B

TAX RATE AREA		20122	20124	20125	20127	54011
Assessed Value		\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
Tax Revenue		\$ 65,099	\$ 176,286	\$ 210,689	\$ 23,142	\$ 13,327
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 9,970	\$ 26,989	\$ 33,671	\$ 3,698	\$ -
Total Transfers From		\$ 9,970	\$ 26,989	\$ 33,671	\$ 3,698	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (8,461)	\$ (22,904)	\$ (28,574)	\$ (3,138)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (540)	\$ (1,462)	\$ (1,824)	\$ (200)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (969)	\$ (2,623)	\$ (3,273)	\$ (359)	\$ -
Total Transfers To		\$ (9,970)	\$ (26,989)	\$ (33,671)	\$ (3,698)	\$ -
TAX RATE AREA		54066	54086	79001	79003	79018
Assessed Value		\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
Tax Revenue		\$ -	\$ 390,272	\$ -	\$ -	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers From		\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ -	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ -	\$ -	\$ -	\$ -
CITY OF HESPERIA	-9.7202%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers To		\$ -	\$ -	\$ -	\$ -	\$ -

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit B

TAX RATE AREA		79044	21035			GRAND TOTAL
	Assessed Value	\$ -	\$ 118,832			\$ 5,719,122,266
	RDA Increment	\$ -	\$ -			\$ 3,180,980,896
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 118,832			\$ 2,537,713,229
	Tax Revenue	\$ -	\$ 1,188			\$ 25,377,132
		Change In	Change In			Change In
		Base Year	Base Year			Base Year
	Negotiated Percentage	2017-18	2017-18			2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ -			\$ 3,832,313
Total Transfers From		\$ -	\$ -			\$ 3,832,313
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ -			\$ (3,252,217)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ -			\$ (207,588)
CITY OF HESPERIA	-9.7202%	\$ -	\$ -			\$ (372,508)
Total Transfers To		\$ -	\$ -			\$ (3,832,313)

PASS-THROUGH REVENUE SHARING AGREEMENT**EXHIBIT "C"****AMONG THE CITY OF HESPERIA, THE HESPERIA
FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY
FIRE PROTECTION DISTRICT, AND THE COUNTY OF SAN
BERNARDINO FOR THE PURPOSES OF PARTIALLY FUNDING THE
ANNEXATION OF FIRE AND RELATED SERVICES AND THE
UNFUNDED RETIREMENT OBLIGATIONS RELATED TO THE
HESPERIA FIRE PROTECTION DISTRICT AS WELL AS OTHER
CITY COSTS**

WHEREAS, the Hesperia Fire Protection District ("District") and the San Bernardino County Fire Protection District ("SBCFPD") have jointly initiated an application to the Local Agency Formation Commission ("LAFCO") for reorganization to annex the area within the District into the SBCFPD, for the provision of fire and related services ("Reorganization"); and

WHEREAS, the District and the City of Hesperia Community Redevelopment Agency have executed two negotiated pass-through agreements: 1) Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds dated July 15, 1993; and 2) Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds dated December 29, 1993, (collectively, the "Negotiated Pass-Through Agreements") that shall remain in effect after the Reorganization; and

WHEREAS, the Negotiated Pass-Through Agreements do not have language included which would allow a transfer of tax increment revenues to SBCFPD as required by the LAFCO action regarding the Reorganization of the District; and

WHEREAS, the revenue from the Negotiated Pass-Through Agreements is required to assist in fully funding the costs of fire and related services to be provided by the SBCFPD and is the basis for the Reorganization; and

WHEREAS, LAFCO, pursuant to its authority under Government Code section 56886, may subject the Reorganization to certain terms and conditions, as described in this Agreement; and

WHEREAS, as a term and condition of the Reorganization, LAFCO is requiring a contractual agreement to direct the San Bernardino County Auditor-Controller/Treasurer/Tax Collector ("ATC") to use the SBCFPD Property Tax Percentage and the City Property Tax Percentage, as those terms are defined in Section 2, when distributing tax increment revenue related to the Negotiated Pass-Through Agreements, for the term of this Agreement; and

WHEREAS, as a term and condition of the Reorganization, LAFCO is requiring a contractual agreement to direct ATC to transfer a percentage of tax increment revenue related to the Negotiated Pass-Through Agreements (referred to herein as the "SBCFPD Property Tax Percentage") to the SBCFPD to fund the costs of fire and related services, for the term of this Agreement; and

WHEREAS, a percentage of the District's share of property tax will be transferred to SBCFPD by adoption of a property tax transfer resolution approved by the County of San Bernardino ("County") as a term and condition of the Reorganization; and

WHEREAS, the City of Hesperia ("City") and the District will have an agreement that provides for the City's assumption of liability for the CalPERS obligations of the District, including, but not limited to, timely payment of annual employer contributions to CalPERS required of the District and any withdrawal liability assessed as a result of the voluntary or involuntary termination of the District's contract for pensions with CalPERS. The agreement will also state that the City's assumption of liability continues until all the District's obligations to CalPERS have been fully satisfied; and

WHEREAS, as a term and condition of the Reorganization, LAFCO is requiring a contractual agreement to direct ATC to transfer a percentage of tax increment revenue related to the Negotiated Pass-Through Agreements (referred to herein as the "City Property Tax Percentage"), to the City in order to fund the District's unfunded retirement obligations for the legacy inactive retirement costs with CalPERS as well as other City costs, for the term of this Agreement; and

WHEREAS, a percentage of the District's share of property tax will be transferred to the City by adoption of a property tax transfer resolution approved by the City as a term and condition of the Reorganization; and

WHEREAS, the provisions of this Agreement among the District, City, SBCFPD, and County (collectively, the "Parties") are necessary to provide assurance that all Parties agree to the terms herein, including the requirement that ATC will be directed to transfer a percentage of the District's property tax revenue and tax increment revenue related to the Negotiated Pass-Through Agreements to the SBCFPD to fund the costs associated with the annexation of fire and related services, and a percentage of the District's property tax revenue and tax increment revenue related to the Negotiated Pass-Through Agreements to the City to fund the District's unfunded retirement obligations for the legacy inactive retirement costs with CalPERS as well as other City costs, as provided in this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and promises set forth below, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Incorporation of Recitals. The Recitals set forth above are true and correct and are incorporated herein.

Section 2. Definitions

(a) "*Agreement*" refers to this "Pass-Through Revenue Sharing Agreement" among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District, and the County of San Bernardino for the purposes of partially funding the annexation of fire and related services and the unfunded retirement obligations related to the Hesperia Fire Protection District as well as other City costs," together with the Recitals (and the Attachments), and shall constitute the complete and exclusive statement of understanding between the Parties which supersedes all previous agreements, written or oral, and all communications between the Parties relating to the subject matter of this Agreement.

(b) "*Allocation Period*" refers to the period of time commencing on the effective date of the Reorganization and continuing through the Term of this Agreement.

(c) “ATC” refers to the San Bernardino County Auditor-Controller/Treasurer/Tax Collector, or its successor agency.

(d) “City” refers to the City of Hesperia.

(e) “City Property Tax Percentage” refers to the percentage of tax increment revenue related to the Negotiated Pass-Through Agreements (as defined below) attributable to the District that shall be transferred to the City pursuant to the provisions of this Agreement. The percentage shall be fixed at 9.7202% of the District’s share in each Tax Rate Area within the annexation area to SBCFPD.

(f) “County” refers to the County of San Bernardino.

(g) “District” refers to the Hesperia Fire Protection District.

(h) “LAFCO” refers to the Local Agency Formation Commission.

(i) “Negotiated Pass-Through Agreements” refers to the negotiated pass-through agreements between the City of Hesperia Community Redevelopment Agency and the District attached as follows: (a) “Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds” dated July 15, 1993 (Attachment 1 hereto); and (b) the “Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds” dated December 29, 1993 (Attachment 2 hereto).

(j) “Property Tax Transfer Resolutions” refers collectively to the following: (a) the Resolution of the County accepting the transfer of property tax revenue from the District to the SBCFPD and City, which is adopted as a term and condition of the Reorganization (Attachment 3 hereto); and (b) the Resolution of the City accepting the transfer of property tax revenue from the District to the SBCFPD and City which is adopted as a term and condition of the Reorganization (Attachment 4 hereto).

(k) “Reorganization” refers to the LAFCO 3218 reorganization to include annexation to the SBCFPD, its North Desert Service Zone, and the divestiture of the functions of fire, emergency medical response and ambulance from the District.

(l) “SBCFPD” refers to the San Bernardino County Fire Protection District.

(m) “SBCFPD Property Tax Percentage” refers to the percentage of tax increment revenue related to the Negotiated Pass-Through Agreements attributable to the District that shall be transferred to SBCFPD pursuant to the provisions of this Agreement. The percentage shall be fixed at 90.2798% of the District’s share in each Tax Rate Area within the annexation area to SBCFPD.

Section 3. Allocation Period. During the Allocation Period, ATC, or its successor agency, shall calculate the property tax allocation in accordance with governing law and shall distribute funds in the amount calculated to the SBCFPD and the City as required by the Reorganization. The calculation and distributed funds shall be based on the Property Tax Resolutions and the City Property Tax Percentage and the SBCFPD Property Tax Percentage as defined in Section 2, for the following property tax revenues:

- (a) base property tax; and
- (b) revenues from pass-through agreements, both negotiated or statutory; and
- (c) residual distributions as a result of redevelopment dissolution pursuant to Health and Safety Code 34188; and
- (d) any and all other property tax that may be allocated to the District from time to time during the Term of this Agreement.

Pursuant to Health and Safety Code Section 34187(h), pass-through payments will cease when all enforceable obligations of the Successor Agencies have been retired and is formally dissolved.

Section 4. Term. The Term of this Agreement shall commence on the effective date of the Reorganization and shall remain in full force and effect until the Negotiated Pass-Through Agreements have expired.

Section 5. Inability to Implement or Enforce this Pass-Through Revenue Sharing Agreement. Pursuant to the provisions of the Reorganization and this Agreement, the revenues from the Negotiated Pass-Through Agreements will be transferred from the District to SBCFPD and the City in consideration for their assumption of the duties, responsibilities, services and/or obligations set forth in the Reorganization, this Agreement and the agreement between the City and District regarding the CalPERS obligations. If the terms of this Agreement cannot be implemented or enforced by the Parties as a result of a final court judgement, state law or regulation change, state action or any action or proceeding by a third party that affects the Pass-Through Revenue Sharing Agreement, the Parties agree to the following:

- (a) Exhibit "B" of the Property Tax Transfer Resolutions approved by the County Board of Supervisors and the City of Hesperia shall be temporarily implemented and all property tax revenue received by SBCFPD and the City will be returned to the District; and
- (b) This Agreement shall terminate upon the implementation of the agreement described in (c) below; and
- (c) The District, SBCFPD and the City have already executed the Revenue Sharing Agreement (Exhibit "D" of the Property Tax Transfer Resolutions), whereby the District has agreed to transfer all revenue received through property tax, pass-through agreements, residual distributions and any and all other property tax on the basis of 90.2798% to SBCFPD and 9.7202% to the City, with said Revenue Sharing Agreement to be effective from the date of implementation of the agreement through such time as the Negotiated Pass-Through Agreements have expired; and
- (d) At the expiration of the Negotiated Pass-Through Agreements, Exhibit "A" of the Property Tax Transfer Resolutions will be permanently reinstated. The parties agree to cooperate and take all action to ensure that the Property Tax Transfer Resolutions are operational and in full force and effect.

Section 6. *Notice.* Any notice to be given pursuant to this Agreement shall be deemed fully given when made in writing and served personally, or by facsimile transmission, or deposited in the United States mail, postage prepaid and addressed as follows:

If to the City: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

If to the District: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

If to the SBCFPD: Fire Chief/Fire Warden
San Bernardino County Fire Protection District
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0451

If to the County: Deputy Executive Officer/Fire
385 N. Arrowhead, 4th Floor
San Bernardino, CA 92415-0120

Section 7. Amendments and Modifications. The Parties agree that any alterations, amendments or modifications of the provisions of this Agreement shall be valid only when reduced to writing, executed and approved by the persons authorized to do so on behalf of each of the Parties, provided that any amendment to this Agreement that alters the property tax distribution shall not be valid without the consent of LAFCO. LAFCO retains its sole and unfettered discretion as to any consent required hereby.

Section 8. Counterpart Signatures Allowed. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.

CITY OF HESPERIA

By: _____
Bill Holland
Mayor Pro Tem, City of Hesperia
Date: _____

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: _____
Eric L. Dunn, City Attorney

Section 6. *Notice.* Any notice to be given pursuant to this Agreement shall be deemed fully given when made in writing and served personally, or by facsimile transmission, or deposited in the United States mail, postage prepaid and addressed as follows:

If to the City: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

If to the District: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

If to the SBCFPD: Fire Chief/Fire Warden
San Bernardino County Fire Protection District
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0451

If to the County: Deputy Executive Officer/Fire
385 N. Arrowhead, 4th Floor
San Bernardino, CA 92415-0120

Section 7. Amendments and Modifications. The Parties agree that any alterations, amendments or modifications of the provisions of this Agreement shall be valid only when reduced to writing, executed and approved by the persons authorized to do so on behalf of each of the Parties, provided that any amendment to this Agreement that alters the property tax distribution shall not be valid without the consent of LAFCO. LAFCO retains its sole and unfettered discretion as to any consent required hereby.

Section 8. Counterpart Signatures Allowed. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.

CITY OF HESPERIA

By: 

Bill Holland, Mayor Pro Tem

Date: 3-26-18

APPROVED AS TO FORM:
ALESHERE & WYNDER, LLP

By: 

Eric L. Dunn, City Attorney

HESPERIA FIRE PROTECTION DISTRICT

By: Bill Holland
Bill Holland, Vice Chair
Date: 3/27/18

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: Eric L. Dunn
Eric L. Dunn, City Attorney

SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT

By: _____
Robert Lovingood, Chairman
Date: _____

APPROVED AS TO FORM:

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

By: _____
Michelle Blakemore, County Counsel

COUNTY OF SAN BERNARDINO

By: _____
Robert Lovingood, Chairman
Date: _____

APPROVED AS TO FORM:
COUNTY OF SAN BERNARDINO

By: _____
Michelle Blakemore, County Counsel

**ACKNOWLEDGED AS TO THE DIRECTIONS CONTAINED IN SECTIONS 3 AND 5
OF THE AGREEMENT.**

SAN BERNARDINO COUNTY AUDITOR-
CONTROLLER/TREASURER/TAX COLLECTOR

By: _____
Oscar Valdez, Auditor-Controller/
Treasurer/Tax Controller
Date: _____

HESPERIA FIRE PROTECTION DISTRICT

By: _____
Bill Holland
Mayor Pro Tem, City of Hesperia
Date: _____

APPROVED AS TO FORM:
ALESHERE & WYNDER, LLP

By: _____
Eric L. Dunn, City Attorney

SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT

By: _____
Robert A. Lovingood
Chairman, Board of Directors for SBCFPD
Date: MAR 20 2018

APPROVED AS TO FORM:

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

By: _____
Carol Greene, Supervising Deputy County Counsel

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD
LAURA H. WELCH
Secretary

By: _____
Deputy

COUNTY OF SAN BERNARDINO

By: _____
Robert A. Lovingood
Chairman, Board of Supervisors
Date: MAR 20 2018

APPROVED AS TO FORM:
COUNTY OF SAN BERNARDINO

By: _____
Michelle Blakemore, County Counsel

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

By: _____
Deputy

**ACKNOWLEDGED AS TO THE DIRECTIONS CONTAINED IN SECTIONS 3 AND 5
OF THE AGREEMENT.**

SAN BERNARDINO COUNTY AUDITOR-
CONTROLLER/TREASURER/TAX COLLECTOR

By: _____

Oscar Valdez

Auditor-Controller/Treasurer/Tax Collector

Date: 3/27/18

CAPITAL FACILITIES AGREEMENT AND AGREEMENT
FOR REIMBURSEMENT OF TAX INCREMENT FUNDS

Hesperia Redevelopment Project

THIS CAPITAL FACILITIES AGREEMENT AND AGREEMENT FOR REIMBURSEMENT OF TAX INCREMENT FUNDS (the "Agreement") is made and entered into this 15th day of July, 1993, by and between THE CITY OF HESPERIA COMMUNITY REDEVELOPMENT AGENCY ("Agency") and HESPERIA FIRE PROTECTION DISTRICT ("District").

RECITALS

- A. Agency is proposing, and the City Council of the City of Hesperia is considering adoption of an ordinance approving the Redevelopment Plan for Hesperia Redevelopment Project (the "Plan") pursuant to the California Community Redevelopment Law ("CRL") (Health and Safety Code Section 33000, et seq.), which Plan delineates a project area (the "Project Area").
- B. The Plan includes provisions authorizing the allocation to Agency of property taxes levied each year on the increase in the assessed valuation of property within the Project Area above the sum of the assessed values for the Project Area as shown on the 1992-1993 assessment roll.
- C. The Project Area is located within District boundaries and is served by District.
- D. District is an affected taxing entity, as defined in Section 33353.2 of the Health and Safety Code, and has ad valorem property taxes levied on its behalf by the County of San

Bernardino ("County") on certain areas that comprise portions of the Project Area.

E. District has taken the position with Agency that, by virtue of its tax allocation provisions, the Plan will result in a "financial burden or detriment" to District within the meaning of Section 33012 of the California Health and Safety Code and that the Plan will increase the need for additional District capital facilities. The Agency has found and determined that it is appropriate to address the financial impact of the Plan on District and the District's capital needs.

F. The CRL expressly authorizes and enables Agency to assist District financially to address the financial burden or detriment caused to District by the Plan. Agency is authorized by Health and Safety Code Section 33401 to compensate affected taxing entities, including District, by paying to such taxing entities any amount of money which Agency determines is appropriate to alleviate any financial burden or detriment to such taxing entities caused by its implementation of the Plan. The CRL also expressly authorizes and enables Agency to assist District by funding District's capital improvement needs. SEction 33445 of the Health and Safety Code authorizes the Agency to expend property tax increment to fund capital improvements and facilities which are publicly owned which are inside or outside the Project Area and of benefit to such Project Area, including funding the capital improvements of other public agencies such as District.

G. Agency and District are authorized by Health and Safety Code Section 33676 to enter into an agreement providing for District's receipt of certain tax increments. The purpose of this Agreement is to provide for appropriate payments to be made by Agency to District pursuant to Health and Safety Code Section 33401 in order to alleviate financial burden or detriment caused to District by the tax allocation provisions of the Plan, to provide District with financial assistance to address District's capital facilities needs, and to set forth an agreement in lieu of the District's election under Health and Safety Code Section 33676.

H. By entering into this Agreement, Agency finds and determines (i) the payments to District as set forth in this Agreement are necessary to alleviate financial burden or detriment caused to District by the Plan, and (ii) District's capital facilities funded in whole or in part by Agency are of benefit to the Project Area and there are no other reasonable means of financing such facilities and improvements available to the community.

I. District and Agency desire to resolve and settle all differences with respect to adoption of the Plan. In consideration of Agency's obligations as set forth in this Agreement, District has agreed to waive any and all claims, demands, and disputes with Agency and City arising from the adoption of the Plan.

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises and covenants set forth herein, the parties agree as follows:

COVENANTS

1. Recitals Incorporated. The above Recitals are incorporated herein and made a part of this Agreement.
2. Definitions. The words and terms used in this Agreement shall have the following meanings:
 - a. "Agency" shall mean the City of Hesperia Community Redevelopment Agency.
 - b. "City" shall mean the City of Hesperia.
 - c. "Community Redevelopment Law" shall mean Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code.
 - d. "District" shall mean the Hesperia Fire Protection District.
 - e. "District Share" shall mean that portion of the Property Tax Increment allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b) the District would have received as determined by application of the tax rate levied on behalf of District in the Project Area, but for adoption of the Plan.
 - f. "Fiscal Year" shall mean the period from July 1 to and including the following June 30.

g. "Plan" shall mean the Redevelopment Plan for the Hesperia Redevelopment Project, approved and adopted by the City Council of City.

h. "Project Area" shall mean the Project Area identified in the Plan, the redevelopment of which is necessary for the public purposes of the California Community Redevelopment Law.

i. "Property Tax Increment" shall mean the full amount of property tax revenues generated from within the Project Area that are allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b), which amounts are attributable to increases in assessed valuation above the valuation shown on the 1992-93 assessment roll, plus any identifiable California state legislative supplements to or substitutes for ad valorem property taxes which are paid to Agency during the term of this Agreement. Not by way of limitation of the foregoing, Property Tax Increment shall include (i) payments made to District and other affected taxing entities, whether such payments are made by Agency or directly by the County of San Bernardino, and (ii) funds set aside or expended by Agency pursuant to Health and Safety Code Section 33334.2 or successor statute.

3. Agency Payment of District Share. For each Fiscal Year during and after the life of the Plan, the Agency is allocated Property Tax Increment for any purpose, Agency shall pay District fifty percent (50%) of the District share, less the portion of such District Share the Agency is required to set

aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2, said low and moderate income housing set aside reduction being subject to the following additional conditions:

- a. The maximum portion Agency may deduct from the District Share for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall not be greater than an amount equal to the product obtained by multiplying the minimum set-aside percentage stated in Section 33334.2 [which as of the Effective Date of this Agreement is twenty percent (20%)] times the District Share;
- b. No deduction for the low and moderate income housing set-aside from the District Share shall occur in any Fiscal Year the Agency fails to set aside funds into the Low and Moderate Income Housing Fund;
- c. The deduction for the low and moderate income housing set-aside from the District Share shall be adjusted proportionately should Agency place less than the minimum percentage of Property Tax Increment into the Low and Moderate Income Housing Fund; and
- d. In the event State law is changed, either by State Legislative enactment, applicable trial court decision, or appellate opinion, to eliminate the set-aside for low and moderate income housing as applicable to the District Share (e.g., a change from calculating the set-aside on Agency's "gross" Property Tax Increment to calculating the set aside on

Agency's "net" Property Tax Increment), Agency shall not thereafter deduct the low and moderate income housing set-aside amount from the District Share.

Agency shall pay the District Share to District within ten (10) days of Agency's receipt of Property Tax Increment.

4. Agency Indebtedness. Agency's obligations hereunder to make payments for the benefit of District constitute an indebtedness of Agency within the meaning of California Health and Safety Code Section 33670(b).

5. That portion of the District Share retained by Agency, less the portion thereof which Agency is required to set aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall be expended as follows:

a. One-half thereof, or an amount of bond proceeds proportionate to said one-half, shall be applied to provide capital facilities, furnished or unfurnished, for District's use; and

b. One-half thereof shall be applied to defray any valid Agency debt at Agency's discretion.

6. Books and Records. Each party shall, within thirty (30) days after receipt of written request from the other, make available to the other for review or audit its books and records regarding the payments and expenditures referenced in this Agreement.

7. Agreement in Lieu of District Election Under Section 33676. The parties hereto into that this Agreement shall be in lieu of any payments which otherwise would be paid to District from the Project Area pursuant to Health and Safety Code Section 33676(a).

8. Covenant Not to Sue; Miscellaneous Matters Relating to Litigation. District hereby waives any and all causes of action, cases, claims, counts, actions and/or complaints related to, and agrees not to challenge, the validity of the Plan, or the ordinance adopting the Plan and/or the validity, on the grounds of the invalidity of the Plan, of bonds to finance or refinance in whole or in part the Plan, including, without limiting the generality of the foregoing, the legality and validity of all proceedings heretofore taken or in any way connected with the designation of the survey area, the Project Area, the formulation of the Preliminary Plan, the adoption of the Plan, and the formulation and certification of the Environmental Impact Report and other environmental documents for the Plan. District acknowledges it is familiar with Section 1542 of the Civil Code of the State of California, which provides:

"A general release does not extend to claims a creditor does not now or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

District hereby waives and relinquishes any rights and benefits which it may have under Section 1542 of the Civil Code of the State of California to the full extent that District may lawfully waive such rights. By agreeing to the provisions of this Paragraph 8, District does not waive the right to dispute the validity of any future amendments to the Plan or the adequacy of any environmental documents related to any such future amendments to the Plan, and/or the right to challenge any illegal implementation of the Plan.

9. City and Agency Obligations. City shall have no financial obligation or liability by virtue of or pursuant to this Agreement. Agency shall have no financial obligation or liability by virtue of or pursuant to this Agreement except for payments solely from Property Tax Increment allocated to and received by Agency as set forth in this Agreement.

10. Repeal of Section 33676(b) Resolutions. Within sixty (60) days of executing this Agreement, District shall, pursuant to Health and Safety Code Section 33676(c), repeal any resolution it has adopted pursuant to Health and Safety Code Section 33676(b) regarding the Plan.

11. Severability. In the event any section or portion of this Agreement shall be held, found, or determined to be unenforceable or invalid for any reason whatsoever, the remaining provisions shall remain in effect, and the parties hereto shall take further actions as may be reasonably necessary and available

to them to effectuate the intent of the parties as to all provisions set forth in this Agreement.

12. Default. Except to the extent required by law, failure or delay by any party to perform any term or obligation of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction, or remedy within thirty (30) days. For such defaults or delays that cannot be cured, corrected, or remedied within thirty (30) days, the defaulting or delaying party shall commence to cure, correct, or remedy the failure or delay within thirty (30) days and shall diligently prosecute such cure, correction, or remedy to completion within a reasonable period of time after commencement. If the failure or delay is not cured, corrected, or remedied within the required period of time, the defaulting party shall be liable for any damages caused by such default and the nondefaulting party may thereafter commence an action for damages with respect to such default or for specific performance of this Agreement. Prior to a failure or delay being deemed a default hereunder or the period to cure, correct, or remedy being deemed to have commenced, the nondefaulting party shall serve the defaulting party with notice of default; provided, however, that District shall not be required to provide Agency with any notice of any failure or delay by Agency in transmitting the District Share to District.

13. Notices. All notices required by this Agreement or by law shall be in writing and delivered by personal delivery, by United States mail, prepaid, certified, return receipt requested, or by a reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by document delivery shall be effective upon receipt. Notices sent by United States mail shall be effective on the second business day following deposit.

Notices shall be addressed to:

If to Agency: City of Hesperia Community
Redevelopment Agency
15776 Main Street
Hesperia, California 92345
Attention: Executive Director

If to District: Hesperia Fire Protection District
17288 Olive Street
Post Office Box 400049
Hesperia, California 92345
Attention: District Administrator

14. Attorney's Fees. In the event of any dispute between the parties hereto arising out of or connected to this Agreement, the prevailing party in such litigation shall be entitled, in addition to whatever other relief the Court may grant, to reasonable attorney's fees and costs. Reasonable attorney's fees and costs shall accrue on the date of filing of such litigation and shall include attorney's fees and costs incurred in discovery and on appeal.

15. Time of Essence. Time is of the essence in the performance of this Agreement.

16. Governing Law; Forum. This Agreement shall be governed by, and construed under, the laws of the State of California. The parties agree that the Municipal and Superior Courts of the State of California in and for the County of San Bernardino shall have exclusive jurisdiction of any litigation between the parties hereto arising out or connected to this Agreement.

17. Further Assurances. Agency and District each agree, without further consideration, to execute such other and further documents, and to perform such other and further acts, as may be necessary or proper in order to consummate the transactions set forth in and contemplated by this Agreement.

18. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties and supersedes all previous negotiations between them pertaining to the subject matter hereof. It is the intent of Agency and District that the payment herein provided constitute a full, complete, fair, and equitable adjustment for all financial and other impacts which have or may result to District during the term of the Plan. This Agreement shall remain in effect during the entire term of the Plan, and to the extent necessary to carry out its provisions any period beyond the expiration of the Plan during which Agency is allocated Property Tax Increment. This Agreement shall not be changed or modified except by written agreement of the parties.

19. Tax Increment Limit. Amounts paid by Agency to District pursuant to this Agreement shall not count against the limit on the total number of dollars to be allocated as Property Tax Increment to Agency under the Plan.

IN WITNESS WHEREOF, Agency and District have entered into this Agreement as of the date first above written.

"Agency"

CITY OF HESPERIA COMMUNITY
REDEVELOPMENT AGENCY

By: Michael J. Longifano
Chairman

ATTEST:

By: Margaret A. Vall
Secretary

APPROVED AS TO FORM:

By: James S. Mathman
Agency Counsel

"District"

HESPERIA FIRE PROTECTION DISTRICT

By: Michael J. Longifano
Chairman

ATTACHMENT 2 TO EXHIBIT "C"

**CAPITAL FACILITIES AGREEMENT AND AGREEMENT
FOR REIMBURSEMENT OF TAX INCREMENT FUNDS**

HESPERIA COMMUNITY REDEVELOPMENT AGENCY

THIS CAPITAL FACILITIES AGREEMENT AND AGREEMENT FOR REIMBURSEMENT OF TAX INCREMENT FUNDS (the "Agreement") is made and entered into this 29th day of December, 1993, by and between THE CITY OF HESPERIA COMMUNITY REDEVELOPMENT AGENCY ("Agency") and HESPERIA FIRE PROTECTION DISTRICT ("District").

Recitals

A. Agency is proposing, and the City Council of the City of Hesperia is considering, adoption of an ordinance approving the Redevelopment Plan for Hesperia Redevelopment Project Area #2 (the "Plan") pursuant to the California Community Redevelopment Law ("CRL") (Health and Safety Code Section 33000, et seq.), which Plan delineates project area #2 (the "Project Area").

B. The Plan includes provisions authorizing the allocation to Agency of property taxes levied each year on the increase in the assessed valuation of property within the Project Area above the sum of the assessed values for the Project Area as shown on the 1993-1994 assessment roll.

C. The Project Area is located within District boundaries and is served by District.

D. District is an affected taxing entity, as defined in Section 33353.2 of the Health and Safety Code, and has ad valorem property taxes levied on its behalf by the County of San Bernardino ("County") on certain areas that comprise portions of the Project Area.

E. District has taken the position with Agency that, by virtue of its tax allocation provisions, the Plan will result in a "financial burden or detriment" to District within the meaning of Section 33012 of the California Health and Safety Code and that the Plan will increase the need for additional District capital facilities. The Agency has found and determined that it is appropriate to address the financial impact of the Plan on District and the District's capital needs.

F. The CRL expressly authorizes and enables Agency to assist District financially to address the financial burden or detriment caused to District by the Plan. Agency is authorized by Health and Safety Code Section 33401 to compensate affected taxing entities, including District, by paying to such taxing entities any amount of money which Agency determines is appropriate to alleviate any financial burden or detriment to such taxing entities caused by its implementation of the Plan.

The CRL also expressly authorizes and enables Agency to assist District by funding District's capital improvement needs. Section 33445 of the Health and Safety Code authorizes the Agency to expend property tax increment to fund capital improvements and facilities which are publicly owned which are inside or outside the Project Area and of benefit to such Project Area, including funding the capital improvements of other public agencies such as District.

G. Agency and District are authorized by Health and Safety Code Section 33676 to enter into an agreement providing for District's receipt of certain tax increments. The purpose of this Agreement is to provide for appropriate payments to be made by Agency to District pursuant to Health and Safety Code Section 33401 in order to alleviate financial burden or detriment caused to District by the tax allocation provisions of the Plan, to provide District with financial assistance to address District's capital facilities needs, and to set forth an agreement in lieu of the District's election under Health and Safety Code Section 33676.

H. By entering into this Agreement, Agency finds and determines (i) the payments to District as set forth in this Agreement are necessary to alleviate financial burden or detriment caused to District by the Plan, and (ii) District's capital facilities funded in whole or in part by Agency are of benefit to the Project Area and there are no other reasonable means of financing such facilities and improvements available to the community.

I. District and Agency desire to resolve and settle all differences with respect to adoption of the Plan. In consideration of Agency's obligations as set forth in this Agreement, District has agreed to waive any and all claims, demands, and disputes with Agency and City arising from the adoption of the Plan.

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises and covenants set forth herein, the parties agree as follows:

Covenants:

1. Recitals Incorporated. The above Recitals are incorporated herein and made a part of this Agreement.

2. Definitions. The words and terms used in this Agreement shall have the following meanings:

a. "Agency" shall mean the City of Hesperia Community Redevelopment Agency.

b. "City" shall mean the City of Hesperia.

c. "Community Redevelopment Law" shall mean Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code.

d. "District" shall mean the Hesperia Recreation and Park District.

e. "District Share" shall mean that portion of the Property Tax Increment allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b) the District would have received as determined by application of the tax rate levied on behalf of District in the Project Area, but for adoption of the Plan.

f. "Fiscal Year" shall mean the period from July 1 to and including the following June 30.

g. "Plan" shall mean the Redevelopment Plan for the Hesperia Redevelopment Project, approved and adopted by the City Council of the City.

h. "Project Area" shall mean the Project Area identified in the Plan, the redevelopment of which is necessary for the public purposes of the California Community Redevelopment Law.

i. "Property Tax Increment" shall mean the full amount of property tax revenues generated from within the Project Area that are allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b), which amounts are attributable to increases in assessed valuation above the valuation shown on the 1993-1994 assessment roll, plus any identifiable California State Legislative supplements to or substitutes for ad valorem property taxes which are paid to Agency during the term of this Agreement. Not by way of limitation of the foregoing, Property Tax Increment shall include (i) payments made to District and other affected taxing entities, whether such payments are made by Agency or directly by the County of San Bernardino, and (ii) funds set aside or expended by Agency pursuant to Health and Safety Code Section 33334.2 or successor statute.

3. Agency Payment of District Share. For each Fiscal Year during and after the life of the Plan, the Agency is allocated Property Tax Increment for any purpose, Agency shall pay District fifty percent (50%) of the District Share, less only the portion of such District Share the Agency is required to set aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2, said low and moderate income housing set aside reduction subject to the following additional conditions:

a. the maximum portion Agency may deduct from the District Share for low and moderate income housing purposes

pursuant to Health and Safety Code Section 33334.2 shall not be greater than an amount equal to the product obtained by multiplying the minimum set-aside percentage stated in Section 33334.2 (which as of the Effective Date of this Agreement is twenty percent (20%)) times the District Share;

b. no deduction for the low and moderate income housing set-aside from the District Share shall occur in any fiscal year the Agency fails to set aside funds into the Low and Moderate Income Housing Fund;

c. the deduction for the low and moderate income housing set-aside from the District Share shall be adjusted proportionately should Agency place less than the minimum percentages of Property Tax Increment into the Low and Moderate Income Housing Fund; and

d. in the event State law is changed, either by State Legislative enactment, applicable trial court decision, or appellate opinion, to eliminate the set-aside for low and moderate income housing as applicable to the District Share (e.g., a change from calculating the set aside on Agency's "gross" Property Tax Increment to calculating the set aside on Agency's "net" Property Tax Increment), Agency shall not thereafter deduct the low and moderate income housing set aside amount from the District Share.

Agency shall pay the District Share to District within ten (10) days of Agency's receipt of Property Tax Increment.

4. Agency Indebtedness. Agency's obligation hereunder to make payment for the benefit of District constitutes an indebtedness of Agency within the meaning of California Health and Safety Code Section 33670(b).

5. That portion of the District Share retained by Agency, less the portion thereof which Agency is required to set aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall be expended as follows:

a. One-half thereof, or an amount of bond proceeds proportionate to said one-half, shall be applied to provide capital facilities, furnished or unfurnished, for District's use; and

b. One-half thereof shall be applied to defray any valid Agency debt at Agency's discretion.

6. Books and Records. Each party shall, within thirty (30) days after receipt of written request from the other, make available to the other for review or audit its books and records regarding the payments and expenditures referenced in this Agreement.

7. Agreement in Lieu of District Election Under Section 33676. The parties hereto intend that this Agreement shall be in lieu of any payments which otherwise would be paid to District from the Project Area pursuant to Health and Safety Code Section 33676(a).

8. Covenant Not to Sue; Miscellaneous Matters Relating to Litigation. District hereby waives any and all causes of action, cases, claims, counts, actions, and/or complaints related to, and agrees not to challenge, the validity of the Plan, or the ordinance adopting the Plan and/or the validity, on the grounds of the invalidity of the Plan, of bonds to finance or refinance in whole or in part the Plan, including without limiting the generality of the foregoing, the legality and validity of all proceedings heretofore taken or in any way connected with the designation of the survey area, the Project Area, the formulation of the Preliminary Plan, the adoption of the Plan, and the formulation and certification of the Environmental Impact Report and other environmental documents for the Plan. District acknowledges it is familiar with Section 1542 of the Civil Code of the State of California, which provides:

"A general release does not extend to claim a creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

District hereby waives and relinquishes any rights and benefits which it may have under Section 1542 of the Civil Code of the State of California to the full extent that District may lawfully waive such rights. By agreeing to the provisions of this Paragraph 8, District does not waive the right to dispute the validity of any future amendments to the Plan or the adequacy of any environmental documents related to any such future amendments to the Plan, and/or the right to challenge any illegal implementation of the Plan.

9. City and Agency Obligations. City shall have no financial obligation or liability by virtue of or pursuant to this Agreement. Agency shall have no financial obligation or liability by virtue of or pursuant to this Agreement except for payments solely from Property Tax Increment allocated to and received by Agency as set forth in this Agreement.

10. Repeal of Section 33676(b) Resolutions. Within sixty (60) days of executing this Agreement, District shall, pursuant to Health and Safety Code Section 33676(c), repeal any resolution it has adopted pursuant to Health and Safety Code Section 33676(b) regarding the Plan.

11. Severability. In the event any section or portion of this Agreement shall be held, found, or determined to be

unenforceable or invalid for any reason whatsoever, the remaining provisions shall remain in effect, and the parties hereto shall take further actions as may be reasonably necessary and available to them to effectuate the intent of the parties as to all provisions set forth in this Agreement.

12. Default. Except to the extent required by law, failure or delay by any party to perform any term or obligation of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, corrections, or remedy within thirty (30) days. For such defaults or delays that cannot be cured, corrected, or remedied within thirty (30) days, the defaulting or delaying party shall commence to cure, correct, or remedy the failure or delay within thirty (30) days and shall diligently prosecute such cure, correction, or remedy to completion within a reasonable period of time after commencement. If the failure or delay is not cured, corrected, or remedied within the required period of time, the defaulting party shall be liable for any damages caused by such default and the non-defaulting party may thereafter commence an action for damages with respect to such default or for specific performance of this Agreement. Prior to a failure or delay being deemed a default hereunder or the period to cure, correct, or remedy being deemed to have commenced, the non-defaulting party shall serve the defaulting party with notice of default; provided, however, that District shall not be required to provide Agency with any notice of any failure or delay by Agency in transmitting the District Share to District.

13. Notices. All notices required by this Agreement or by law shall be in writing and delivered by personal delivery, by United States mail, prepaid, certified, return receipt requested, or by a reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by document delivery shall be effective upon receipt. Notices sent by United States mail shall be effective on the second business day following deposit. Notices shall be addressed to:

If to Agency: City of Hesperia Community
Redevelopment Agency
15776 Main Street
Hesperia, CA 92345
Attn: Executive Director

If to District: Hesperia Fire Protection District
17288 Olive Street
Post Office Box 400049
Hesperia, CA 92345
Attn: District Administrator

14. Attorney's Fees. In the event of any dispute between the parties hereto arising out of or connected to this Agreement, the prevailing party in such litigation shall be entitled, in addition to whatever other relief the court may grant, to reasonable attorney's fees and costs. Reasonable attorney's fees and costs shall accrue on the date of filing of such litigation and shall include attorney's fees and costs incurred in discovery and on appeal.

15. Time of Essence. Time is of the essence in the performance of the terms of this Agreement.

16. Governing Law; Forum. This Agreement shall be governed by, and construed under, the laws of the State of California. The parties agree that the Municipal and Superior Courts of the State of California in and for the County of San Bernardino shall have exclusive jurisdiction of any litigation between the parties hereto arising out of or connected to this Agreement.

17. Further Assurances. Agency and District each agree, without further consideration, to execute such other and further documents, and to perform such other and further acts, as may be necessary or proper in order to consummate the transactions set forth in and contemplated by this Agreement.

18. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties and supersedes all previous negotiations between them pertaining to the subject matter hereof. It is the intent of Agency and District that the payment herein provided constitutes a full, complete, fair, and equitable adjustment for all financial and other impacts which have or may result to District during the term of the Plan. This Agreement shall remain in effect during the entire term of the Plan, and to the extent necessary to carry out its provisions any period beyond the expiration of the Plan during which Agency is allocated Property Tax Increment. This Agreement shall not be changed or modified except by written agreement of the parties.

19. Tax Increment Limit. Amounts paid by Agency to District pursuant to this Agreement shall not count against the limit on the total number of dollars to be allocated as Property Tax Increment to Agency under the Plan.

IN WITNESS WHEREOF, Agency and District have entered into this Agreement as of the date first above written.

"Agency"

CITY OF HESPERIA
COMMUNITY REDEVELOPMENT AGENCY

By: Michael J. Longignans
Chairman

ATTEST:

By: Margaret F. Vall
Secretary

APPROVED AS TO FORM:

By: James T. Hawthorn
Agency Counsel

"District"

HESPERIA FIRE PROTECTION DISTRICT

By: Michael J. Longignans
Chairman

RESOLUTION NO. 2018-24

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DETERMINING THE AMOUNT OF PROPERTY TAX REVENUES TO BE EXCHANGED AMONG THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE AND THE CITY OF HESPERIA, RESULTING FROM THE JURISDICTIONAL CHANGE DESCRIBED BY LAFCO 3218 ENCOMPASSING THE JURISDICTIONAL BOUNDARIES OF THE HESPERIA FIRE PROTECTION DISTRICT

On Tuesday, March 20, 2018 on motion of Supervisor Hagman, duly seconded by Supervisor Gonzales and carried, the following resolution is adopted by the Board of Supervisors of San Bernardino County, State of California.

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

- A. Pursuant to Section 99 of the Revenue and Taxation Code, prior to the issuance of a Certificate of Filing by the Local Agency Formation Commission Executive Officer, the governing bodies of all local agencies whose service responsibilities will be altered by change of organization shall negotiate and determine by resolution the amount of property tax revenues to be exchanged among such local agencies.
- B. Except as provided in Section 99.1 of the Revenue and Taxation Code, in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the Board of Supervisors shall, on behalf of all special districts, negotiate any exchange of property tax revenues.
- C. The Board of Supervisors of the County of San Bernardino and the City of Hesperia have determined the amount of property tax revenues to be exchanged as a result of the following jurisdictional change:

LAFCO 3218 – REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM THE HESPERIA FIRE PROTECTION DISTRICT

- D. This jurisdictional change will affect the following "Negotiated Pass-Through Agreements" between the City of Hesperia Community Redevelopment Agency and the Hesperia Fire Protection District: (a) "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated July 15, 1993 (Attachment 1 to Exhibit "C" hereto); and (b) the "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated December 29, 1993 (Attachment 2 to Exhibit "C" hereto).
- E. It is necessary that the attached Pass-Through Revenue Sharing Agreement (Exhibit "C" hereto) shall be approved by the City of Hesperia (City), the Hesperia Fire Protection District (District), the San Bernardino County Fire Protection District (SBCFPD) and the County of San Bernardino (County) in order to maintain the current pass-through revenue stream to the District for the Negotiated Pass-Through Agreements between the District and the Hesperia Community Redevelopment Agency.

F. It may be necessary to temporarily discontinue the transfer of property tax revenues to SBCFPD and the City from the District if, the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as a result of a final court judgement, state law or regulation change, state action or any action or proceeding by a third party that affects the Pass-Through Revenue Sharing Agreement, until the Negotiated Pass-Through Agreements have expired.

SECTION 2. The Board of Supervisors of the County of San Bernardino hereby resolves and orders that:

- A. The negotiated exchange of property tax revenue among the District, City, SBCFPD and its North Desert Service Zone, attached hereto as Exhibit "A" and incorporated herein by reference, resulting from the above described jurisdictional change(s), is hereby accepted.
- B. The Pass-Through Revenue Sharing Agreement attached hereto as Exhibit "C" and the Revenue Sharing Agreement attached hereto as Exhibit "D" are hereby approved, subject to the filing of the Certificate of Completion for LAFCO 3218. The Revenue Sharing Agreement shall only be implemented if one or more of the triggers identified in Section 5 of the Pass-Through Revenue Sharing Agreement occur. If the Certificate of Completion is not issued for LAFCO 3218, both agreements automatically terminate.
- C. If the County Auditor-Controller/Treasurer/Tax Collector notifies the County Chief Executive Officer that the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as described in (F) above, the County Chief Executive Officer, upon receipt of such notice and in consultation with County Counsel, shall provide notice to the City, the District, and the SBCFPD that the Pass-Through Revenue Sharing Agreement has terminated and the Revenue Sharing Agreement is being implemented. The Revenue Sharing Agreement will temporarily implement the property tax revenue exchange in Exhibit "B" to this Resolution. The property tax revenue exchange identified in Exhibit "A" will be permanently reinstated when the Negotiated Pass-Through Agreements expire.
- D. The annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change shall be allocated in future years pursuant to the provisions of Section 98 of the Revenue and Taxation Code.

SECTION 3. The Clerk of the Board of Supervisors is hereby directed to certify the passage of this resolution and to cause a certified copy to be sent to the Executive Officer of the Local Agency Formation Commission of the County of San Bernardino.

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

AYES:	SUPERVISORS:	Robert A. Lovingood, Janice Rutherford, James Ramos, Curt Hagman, Josie Gonzales
NOES:	SUPERVISORS:	None
ABSENT:	SUPERVISORS:	None

* * * * *

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

I, **LAURA H. WELCH**, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of March 20, 2018. #68 mb

LAURA H. WELCH
Clerk of the Board of Supervisors
By  Deputy


Attachment 4 to Exhibit "C"

**JOINT RESOLUTION NO. 2018-20
RESOLUTION HFPD 2018-05**

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HESPERIA, CALIFORNIA, AND BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, DETERMINING THE AMOUNT OF PROPERTY TAX REVENUES TO BE EXCHANGED AMONG THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE AND THE CITY OF HESPERIA, RESULTING FROM THE JURISDICTIONAL CHANGE DESCRIBED BY LAFCO 3218 ENCOMPASSING THE JURISDICTIONAL BOUNDARIES OF THE HESPERIA FIRE PROTECTION DISTRICT

WHEREAS, On March 13, 2017, the Hesperia Fire Protection District ("District") submitted an application to the Local Agency Formation Commission ("LAFCO") to annex approximately 48,000 acres located within the boundaries of the District to the San Bernardino County Fire Protection District ("SBCFPD") and its North Desert Service Zone. This change of organization, if approved, will entail the transfer of the District's assets, obligations, liabilities and responsibilities to SBCFPD and its related service zone. SBCFPD currently serves the residents of the District via a contract for services; and

WHEREAS, On June 7, 2017 LAFCO issued a Notice of Filing (NOF) notifying the affected agencies of the reorganization proposal. The NOF requires the San Bernardino County Auditor-Controller to estimate the property tax revenue and proportions by agency, which is used to establish the property tax revenue amounts to be transferred. The property tax exchange associated with this action will only be effective upon completion of the reorganization proceedings. In accordance with Section 99 of the California Revenue and Taxation Code, both the City Council of the City of Hesperia ("City") and the Board of Supervisors (Board) must adopt resolutions related to this property tax exchange since revenues are to be distributed to both special districts and the City.

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF HESPERIA CITY COUNCIL AND BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AS FOLLOWS:

Section 1. The City Council and Board of Directors hereby finds and determines that:

- A. Pursuant to Section 99 of the Revenue and Taxation Code, prior to the issuance of a Certificate of Filing by the Local Agency Formation Commission Executive Officer, the governing bodies of all local agencies whose service responsibilities will be altered by change of organization shall negotiate and determine by resolution the amount of property tax revenues to be exchanged among such local agencies.
- B. Except as provided in Section 99.1 of the Revenue and Taxation Code, in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the Board of Supervisors shall, on behalf of all special districts, negotiate any exchange of property tax revenues.

- C. The Board of Supervisors of the County of San Bernardino and the City Council of the City of Hesperia have determined the amount of property tax revenues to be exchanged as a result of the following jurisdictional change:

LAFCO 3218 – REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM THE HESPERIA FIRE PROTECTION DISTRICT

- D. This jurisdictional change will affect the following "Negotiated Pass-Through Agreements" between the City of Hesperia Community Redevelopment Agency and the Hesperia Fire Protection District: (a) "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated July 15, 1993 (Attachment 1 to Exhibit "C" hereto); and (b) the "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated December 29, 1993 (Attachment 2 to Exhibit "C" hereto).
- E. It is necessary that the attached Pass-Through Revenue Sharing Agreement (Exhibit "C" hereto) shall be approved by the City, the District, the SBCFPD and the County of San Bernardino (County) in order to maintain the current pass-through revenue stream to the District for the Negotiated Pass-Through Agreements between the District and the Hesperia Community Redevelopment Agency.
- F. It may be necessary to temporarily discontinue the transfer of property tax revenues to SBCFPD and the City from the District if the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as a result of a final court judgment, state law or regulation change, state action or any action or proceeding by a third party that affects the Pass-Through Revenue Sharing Agreement, until the Negotiated Pass-Through Agreements have expired.

Section 2. The City Council and Board of Directors hereby resolves and orders that:

- A. The negotiated exchange of property tax revenue among the District, City, SBCFPD and its North Desert Service Zone, attached hereto as Exhibit "A" and incorporated herein by reference, resulting from the above described jurisdictional change(s), is hereby accepted.
- B. The Pass-Through Revenue Sharing Agreement attached hereto as Exhibit "C" and the Revenue Sharing Agreement attached hereto as Exhibit "D" are hereby approved, subject to the filing of the Certificate of Completion for LAFCO 3218. The Revenue Sharing Agreement shall only be implemented if one or more of the triggers identified in Section 5 of the Pass-Through Revenue Sharing Agreement occur. If the Certificate of Completion is not issued for LAFCO 3218, both agreements automatically terminate.
- C. If the County Auditor-Controller/Treasurer/Tax Collector notifies the County Chief Executive Officer that the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as described in Section 1(F) above, the County Chief Executive Officer, upon receipt of such notice and in consultation with County Counsel, shall provide notice to the City, the District, and the SBCFPD that the Pass-Through Revenue Sharing Agreement has terminated and the Revenue Sharing Agreement is

being implemented. The Revenue Sharing Agreement will temporarily implement the property tax revenue exchange in Exhibit "B" to this Resolution. The property tax revenue exchange identified in Exhibit "A" will be permanently reinstated when the Negotiated Pass-Through Agreements expire.

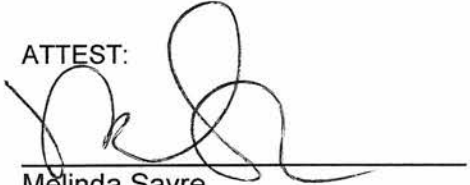
- D. The annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change shall be allocated in future years pursuant to the provisions of Section 98 of the Revenue and Taxation Code.

Section 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions, and shall cause a certified copy to be sent to the Executive Officer of the Local Agency Formation Commission of the County of San Bernardino.

ADOPTED AND APPROVED this 20th day of March, 2018.


Bill Holland, Mayor Pro Tem/Vice Chair

ATTEST:


Melinda Sayre
City Clerk

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Stephanie McClure, Assistant City Clerk of the City of Hesperia, California, and Secretary to the Hesperia Fire Protection District, do hereby certify that Resolution Nos. 2018-20 and HFPD 2018-05 were duly adopted by the City Council of the City of Hesperia, California at a Regular Meeting thereof held on the 20th day of March, 2018 by the following vote to wit:

AYES: Blewett, Holland, Swanson, Bird, Russ

NOES: None

ABSTAIN: None

ABSENT: None



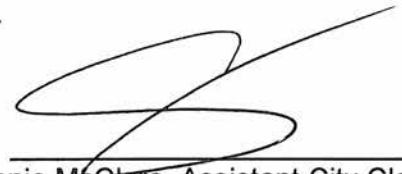
Stephanie McClure, Assistant City Clerk



Seal

I, Stephanie McClure, Assistant City Clerk of the City of Hesperia, California, and Secretary to the Hesperia Fire Protection District, do hereby certify that Resolution Nos. 2018-20 and HFPD 2018-05 are full, true and correct copies of that now on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia, California, this 29 day of March, 2018.



Stephanie McClure, Assistant City Clerk



Seal

REVENUE SHARING AGREEMENT

AMONG THE CITY OF HESPERIA, THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND THE COUNTY OF SAN BERNARDINO FOR THE PURPOSES OF PARTIALLY FUNDING FIRE AND RELATED SERVICES AND THE UNFUNDED RETIREMENT OBLIGATIONS RELATED TO THE HESPERIA FIRE PROTECTION DISTRICT AS WELL AS OTHER CITY COSTS.

WHEREAS, the Hesperia Fire Protection District ("District") and the San Bernardino County Fire Protection District ("SBCFPD") have jointly initiated an application to the Local Agency Formation Commission ("LAFCO") for reorganization to annex the area within the District into the SBCFPD for the provision of fire and related services ("Reorganization"); and

WHEREAS, pursuant to the Reorganization, the County of San Bernardino ("County") adopted Property Tax Transfer Resolution 2018-24 dated March 20, 2018 (Attachment 3 to the Pass-Through Revenue Sharing Agreement), and the City of Hesperia ("City") adopted Property Tax Transfer Resolution (Joint Resolution No. 2018-20/Resolution HFPD No. 2018-05) dated March 20, 2018 (Attachment 4 to the Pass-Through Revenue Sharing Agreement). The Property Tax Transfer Resolutions transfer 90.2798% of the District's share of property tax revenue to SBCFPD and 9.7202 % of the District's share of property tax revenue to the City. In addition, the parties entered into a Pass-Through Revenue Sharing Agreement dated March 20, 2018 (Exhibit "C" of the Property Tax Transfer Resolutions), whereby 90.2798% of the District's share of Pass-Through Agreement Revenues would also be transferred to SBCFPD and 9.7202% of the District's share of Pass-Through Agreement Revenues would be transferred to City.

WHEREAS, both the Property Tax Transfer Resolutions and the Pass-Through Revenue Sharing Agreement provide that in the event that the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced, Exhibit "B" of the Property Tax Transfer Resolutions and Exhibit "D" of the Property Tax Transfer Resolutions (this Agreement) would be implemented through the expiration of the Negotiated Pass-Through Agreements, and the Pass-Through Revenue Sharing Agreement would be terminated without further action on the part of the parties; and

WHEREAS, the parties agree that the change in implementation of the Property Tax Transfer Resolutions and termination of the Pass-Through Revenue Sharing Agreement requires a new agreement for the funding of the fire and related services, the unfunded retirement obligations related to the Hesperia Fire Protection District as well as other City costs; and

WHEREAS, the parties desire to address the issues of funding for the unfunded District retirement liability as well as other City costs and funding of fire protection services for the area annexed into SBCFPD from the District pursuant to the Reorganization in the event of the inability to implement the Pass-Through Revenue Sharing Agreement; and

WHEREAS, the City and the District will have executed an agreement prior to the filing of the Certificate of Completion for the Reorganization that provides for the City's assumption of liability for the CalPERS obligations of the District, including, but not limited to, timely payment of annual employer contributions to CalPERS required of the District and any withdrawal liability assessed as a result of the voluntary or involuntary termination of the District's contract for pensions with CalPERS. The agreement will also state that the City's assumption of liability continues until all the District's obligations to CalPERS have been fully satisfied; and

WHEREAS, SBCFPD has assumed full responsibility for fire and related services within District; and

WHEREAS, District agrees that it is required to pay for the services rendered by SBCFPD and City; and

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and promises set forth below, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Incorporation of Recitals. The recitals set forth above are true and correct and are incorporated herein.

Section 2. Definitions.

(a) *"Agreement"* refers to this "Revenue Sharing Agreement" (Exhibit "D" of the Property Tax Transfer Resolutions) among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District and the County of San Bernardino for the purposes of partially funding the fire and related services and the unfunded retirement obligations related to the Hesperia Fire Protection District as well as other City costs, together with the Recitals (and any Attachments), and shall constitute the complete and exclusive statement of understanding between the Parties which supersedes all previous agreements, written or oral, and all communications between the Parties relating to the subject matter of this Agreement.

(b) *"City"* refers to the City of Hesperia.

(c) *"County"* refers to the County of San Bernardino.

(d) *"District"* refers to the Hesperia Fire Protection District.

(e) *"LAFCO"* refers to the Local Agency Formation Commission.

(f) *"Negotiated Pass-Through Agreements"* refers to the negotiated pass-through agreements between the City of Hesperia Community Redevelopment Agency and the District as follows: (a) "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated July 15, 1993 (Attachment 1 to the Pass-Through Revenue Sharing Agreement); and (b) the "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated December 29, 1993 (Attachment 2 to the Pass-Through Revenue Sharing Agreement).

(g) "*Property Tax Transfer Resolutions*" refers collectively to the following: (a) the Resolution of the County accepting the transfer of property tax revenue from the District to the SBCFPD and City, which is adopted as a term and condition of the Reorganization (Attachment 3 to the Pass-Through Revenue Sharing Agreement); and (b) the Resolution of the City accepting the transfer of property tax revenue from the District to the SBCFPD and City which is adopted as a term and condition of the Reorganization (Attachment 4 to the Pass-Through Revenue Sharing Agreement).

(h) "*Reorganization*" refers to the LAFCO 3218 reorganization to include annexation to the SBCFPD, its North Desert Service Zone, and the divestiture of the functions of fire, emergency medical response and ambulance from the District.

(i) "*SBCFPD*" refers to the San Bernardino County Fire Protection District.

Section 3. Allocation Period. The parties hereto agree that if the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced:

(a) Exhibit "B" of The Property Tax Transfer Resolutions shall be temporarily implemented until such time as the Negotiated Pass-Through Agreements have expired.

(b) The Pass-Through Revenue Sharing Agreement shall terminate upon the implementation of this Agreement;

(c) The County Chief Executive Officer, upon receipt of notice from the County Auditor-Controller/Treasurer/Tax Collector that one or more of the trigger events identified in Section 5 of the Pass-Through Revenue Agreement has occurred and upon consultation with County Counsel, shall provide notice to the City, the District and the SBCFPD that the Pass-Through Revenue Sharing Agreement has been terminated and this Agreement is being implemented;

(d) The District shall transfer all revenue received through base property tax, the Negotiated Pass-Through Agreements, residual distributions and any other property tax related revenue to SBCFPD and City on the basis of 90.2798% being transferred to SBCFPD and 9.7202% to the City. This Agreement shall remain in effect until such time as the Negotiated Pass-Through Agreements have expired.

(e) At the expiration of the Negotiated Pass-Through Agreements, Exhibit "A" of the Property Tax Transfer Resolutions shall be permanently reinstated. The parties agree to cooperate and take all action to ensure that the Property Tax Transfer Resolutions are operational and in full force and effect.

Section 4. Notice. Any notice to be given pursuant to this Agreement shall be deemed fully given when made in writing and served personally, or by facsimile transmission, or five days after deposit in the United States mail, postage prepaid and addressed as follows:

If to the City: Office of the City Manager
 9700 Seventh Avenue

Hesperia, CA 92345
Attn: City Manager

If to the District: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

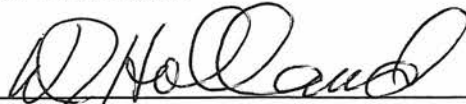
If to the SBCFPD: Fire Chief/Fire Warden
San Bernardino County Fire Protection District
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0451

If to the County: Deputy Executive Officer/Fire
385 N. Arrowhead, 4th Floor
San Bernardino, CA 92415-0120

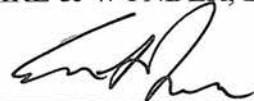
Section 5. Amendments and Modifications. The Parties agree that any alterations, amendments or modifications of the provisions of this Agreement shall be valid only when reduced to writing, executed and approved by the persons authorized to do so on behalf of each of the Parties, provided that any amendments to this Agreement that alters the property tax distribution shall not be valid without the consent of LAFCO. LAFCO retains its sole and unfettered discretion as to any consent required hereby.

Section 6. Counterpart Signatures Allowed. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.


CITY OF HESPERIA

By: 
Bill Holland, Mayor Pro Tem
Date: 3/27/18


APPROVED AS TO FORM:
ALESHERE & WYNDER, LLP

By: 
Eric L. Dunn, City Attorney

HESPERIA FIRE PROTECTION DISTRICT

By: 
Bill Holland, Vice Chair
Date: 3/27/18

APPROVED AS TO FORM:
ALESHERE & WYNDER, LLP

By: 
Eric L. Dunn, City Attorney

SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT

By: _____
Robert A. Lovingood, Chairman
Date: _____

APPROVED AS TO FORM:

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

By: _____
Michelle Blakemore, County Counsel

CITY OF HESPERIA

By: _____

Bill Holland

Mayor Pro Tem, City of Hesperia

Date: _____

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: _____

Eric L. Dunn, City Attorney

HESPERIA FIRE PROTECTION DISTRICT

By: _____

Bill Holland

Mayor Pro Tem, City of Hesperia

Date: _____

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: _____

Eric L. Dunn, City Attorney

SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT

By: _____

Robert A. Lovingood

Chairman, Board of Directors for SBCFPD

Date: MAR 20 2018

APPROVED AS TO FORM:

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

By: _____

for Carol Greene, Supervising Deputy County Counsel

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD
LAURA E. WELCH
Secretary

By: _____
Deputy

COUNTY OF SAN BERNARDINO

By: 

Robert A. Lovingood
Chairman, Board of Supervisors
Date: MAR 20 2018

APPROVED AS TO FORM:
COUNTY OF SAN BERNARDINO

By: 

Michelle Blakemore, County Counsel

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

By: 

Deputy

ACKNOWLEDGED AS TO THE DIRECTIONS CONTAINED IN SECTION 3 OF THE
AGREEMENT.

SAN BERNARDINO COUNTY AUDITOR-
CONTROLLER/TREASURER/TAX COLLECTOR

By: 

Oscar Valdez
Auditor-Controller/Treasurer/Tax Collector
Date: 3/27/18

RECEIVED

JOINT RESOLUTION NO. 2018-2018 MAR 29 PM 12: 53
RESOLUTION HFPD 2018-05

LOCAL AGENCY
FORMATION COMMISSION

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HESPERIA, CALIFORNIA, AND BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, DETERMINING THE AMOUNT OF PROPERTY TAX REVENUES TO BE EXCHANGED AMONG THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE AND THE CITY OF HESPERIA, RESULTING FROM THE JURISDICTIONAL CHANGE DESCRIBED BY LAFCO 3218 ENCOMPASSING THE JURISDICTIONAL BOUNDARIES OF THE HESPERIA FIRE PROTECTION DISTRICT

WHEREAS, On March 13, 2017, the Hesperia Fire Protection District ("District") submitted an application to the Local Agency Formation Commission ("LAFCO") to annex approximately 48,000 acres located within the boundaries of the District to the San Bernardino County Fire Protection District ("SBCFPD") and its North Desert Service Zone. This change of organization, if approved, will entail the transfer of the District's assets, obligations, liabilities and responsibilities to SBCFPD and its related service zone. SBCFPD currently serves the residents of the District via a contract for services; and

WHEREAS, On June 7, 2017 LAFCO issued a Notice of Filing (NOF) notifying the affected agencies of the reorganization proposal. The NOF requires the San Bernardino County Auditor-Controller to estimate the property tax revenue and proportions by agency, which is used to establish the property tax revenue amounts to be transferred. The property tax exchange associated with this action will only be effective upon completion of the reorganization proceedings. In accordance with Section 99 of the California Revenue and Taxation Code, both the City Council of the City of Hesperia ("City") and the Board of Supervisors (Board) must adopt resolutions related to this property tax exchange since revenues are to be distributed to both special districts and the City.

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF HESPERIA CITY COUNCIL AND BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AS FOLLOWS:

Section 1. The City Council and Board of Directors hereby finds and determines that:

- A. Pursuant to Section 99 of the Revenue and Taxation Code, prior to the issuance of a Certificate of Filing by the Local Agency Formation Commission Executive Officer, the governing bodies of all local agencies whose service responsibilities will be altered by change of organization shall negotiate and determine by resolution the amount of property tax revenues to be exchanged among such local agencies.
- B. Except as provided in Section 99.1 of the Revenue and Taxation Code, in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the Board of Supervisors shall, on behalf of all special districts, negotiate any exchange of property tax revenues.

- C. The Board of Supervisors of the County of San Bernardino and the City Council of the City of Hesperia have determined the amount of property tax revenues to be exchanged as a result of the following jurisdictional change:

**LAFCO 3218 – REORGANIZATION TO INCLUDE ANNEXATIONS TO
SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS
NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE
FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND
AMBULANCE FROM THE HESPERIA FIRE PROTECTION DISTRICT**

- D. This jurisdictional change will affect the following "Negotiated Pass-Through Agreements" between the City of Hesperia Community Redevelopment Agency and the Hesperia Fire Protection District: (a) "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated July 15, 1993 (Attachment 1 to Exhibit "C" hereto); and (b) the "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated December 29, 1993 (Attachment 2 to Exhibit "C" hereto).
- E. It is necessary that the attached Pass-Through Revenue Sharing Agreement (Exhibit "C" hereto) shall be approved by the City, the District, the SBCFPD and the County of San Bernardino (County) in order to maintain the current pass-through revenue stream to the District for the Negotiated Pass-Through Agreements between the District and the Hesperia Community Redevelopment Agency.
- F. It may be necessary to temporarily discontinue the transfer of property tax revenues to SBCFPD and the City from the District if the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as a result of a final court judgment, state law or regulation change, state action or any action or proceeding by a third party that affects the Pass-Through Revenue Sharing Agreement, until the Negotiated Pass-Through Agreements have expired.

Section 2. The City Council and Board of Directors hereby resolves and orders that:

- A. The negotiated exchange of property tax revenue among the District, City, SBCFPD and its North Desert Service Zone, attached hereto as Exhibit "A" and incorporated herein by reference, resulting from the above described jurisdictional change(s), is hereby accepted.
- B. The Pass-Through Revenue Sharing Agreement attached hereto as Exhibit "C" and the Revenue Sharing Agreement attached hereto as Exhibit "D" are hereby approved, subject to the filing of the Certificate of Completion for LAFCO 3218. The Revenue Sharing Agreement shall only be implemented if one or more of the triggers identified in Section 5 of the Pass-Through Revenue Sharing Agreement occur. If the Certificate of Completion is not issued for LAFCO 3218, both agreements automatically terminate.
- C. If the County Auditor-Controller/Treasurer/Tax Collector notifies the County Chief Executive Officer that the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as described in Section 1(F) above, the County Chief Executive Officer, upon receipt of such notice and in consultation with County Counsel, shall provide notice to the City, the District, and the SBCFPD that the Pass-Through Revenue Sharing Agreement has terminated and the Revenue Sharing Agreement is

being implemented. The Revenue Sharing Agreement will temporarily implement the property tax revenue exchange in Exhibit "B" to this Resolution. The property tax revenue exchange identified in Exhibit "A" will be permanently reinstated when the Negotiated Pass-Through Agreements expire.


- D. The annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change shall be allocated in future years pursuant to the provisions of Section 98 of the Revenue and Taxation Code.

Section 3. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions, and shall cause a certified copy to be sent to the Executive Officer of the Local Agency Formation Commission of the County of San Bernardino.

ADOPTED AND APPROVED this 20th day of March, 2018.


Bill Holland, Mayor Pro Tem/Vice Chair

ATTEST:



Melinda Sayre
City Clerk

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Stephanie McClure, Assistant City Clerk of the City of Hesperia, California, and Secretary to the Hesperia Fire Protection District, do hereby certify that Resolution Nos. 2018-20 and HFPD 2018-05 were duly adopted by the City Council of the City of Hesperia, California at a Regular Meeting thereof held on the 20th day of March, 2018 by the following vote to wit:

AYES: Blewett, Holland, Swanson, Bird, Russ

NOES: None

ABSTAIN: None

ABSENT: None


Stephanie McClure, Assistant City Clerk



I, Stephanie McClure, Assistant City Clerk of the City of Hesperia, California, and Secretary to the Hesperia Fire Protection District, do hereby certify that Resolution Nos. 2018-20 and HFPD 2018-05 are full, true and correct copies of that now on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia, California, this 29 day of March, 2018.


Stephanie McClure, Assistant City Clerk

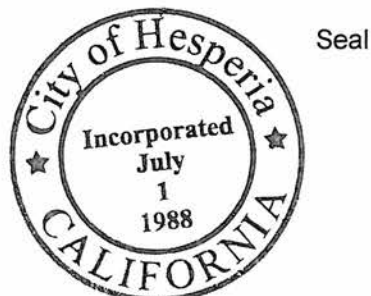


EXHIBIT "A"

NEGOTIATED EXCHANGE OF
PROPERTY TAX REVENUE AMONG THE DISTRICT
CITY, SBCFPD AND ITS NORTH DESERT SERVICE ZONE

[Attached behind this page]

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20003	20004	20007	20008	20009
Assessed Value		\$ 1,653,047	\$ 21,125	\$ 89,079,309	\$ -	\$ 21,975,750
RDA Increment		\$ -	\$ 16,845	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 1,653,047	\$ 4,280	\$ 89,079,309	\$ -	\$ 21,975,750
Tax Revenue		\$ 16,530	\$ 43	\$ 890,793	\$ -	\$ 219,758
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (2,536)	\$ (7)	\$ (136,721)	\$ -	\$ (33,216)
Total Transfers From		\$ (2,536)	\$ (7)	\$ (136,721)	\$ -	\$ (33,216)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 2,152	\$ 6	\$ 116,026	\$ -	\$ 28,188
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 137	\$ 0	\$ 7,406	\$ -	\$ 1,799
CITY OF HESPERIA	9.7202%	\$ 247	\$ 1	\$ 13,290	\$ -	\$ 3,229
Total Transfers To		\$ 2,536	\$ 7	\$ 136,721	\$ -	\$ 33,216
TAX RATE AREA		20010	20012	20013	20015	20016
Assessed Value		\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
Tax Revenue		\$ 2,308,463	\$ -	\$ -	\$ 34,725	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (354,255)	\$ -	\$ -	\$ (5,374)	\$ -
Total Transfers From		\$ (354,255)	\$ -	\$ -	\$ (5,374)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 300,632	\$ -	\$ -	\$ 4,560	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 19,189	\$ -	\$ -	\$ 291	\$ -
CITY OF HESPERIA	9.7202%	\$ 34,434	\$ -	\$ -	\$ 522	\$ -
Total Transfers To		\$ 354,255	\$ -	\$ -	\$ 5,374	\$ -

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20018	20019	20020	20021	20022
Assessed Value		\$ 3,095,199	\$ 116,033,694	\$ -	\$ -	\$ 4,748,640
RDA Increment		\$ -	\$ 109,689,239	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 3,095,199	\$ 6,344,455	\$ -	\$ -	\$ 4,748,640
Tax Revenue		\$ 30,952	\$ 63,445	\$ -	\$ -	\$ 47,486
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (5,016)	\$ (9,490)	\$ -	\$ -	\$ (7,285)
Total Transfers From		\$ (5,016)	\$ (9,490)	\$ -	\$ -	\$ (7,285)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 4,256	\$ 8,054	\$ -	\$ -	\$ 6,182
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 272	\$ 514	\$ -	\$ -	\$ 395
CITY OF HESPERIA	9.7202%	\$ 488	\$ 922	\$ -	\$ -	\$ 708
Total Transfers To		\$ 5,016	\$ 9,490	\$ -	\$ -	\$ 7,285
TAX RATE AREA		20023	20024	20025	20027	20028
Assessed Value		\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
Tax Revenue		\$ 47,537	\$ 196,454	\$ 12,108	\$ 60,431	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (7,295)	\$ (30,153)	\$ (1,877)	\$ (9,268)	\$ -
Total Transfers From		\$ (7,295)	\$ (30,153)	\$ (1,877)	\$ (9,268)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 6,191	\$ 25,589	\$ 1,593	\$ 7,865	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 395	\$ 1,633	\$ 102	\$ 502	\$ -
CITY OF HESPERIA	9.7202%	\$ 709	\$ 2,931	\$ 182	\$ 901	\$ -
Total Transfers To		\$ 7,295	\$ 30,153	\$ 1,877	\$ 9,268	\$ -

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit A

TAX RATE AREA		20029	20032	20033	20036	20037
	Assessed Value	\$ 38,851,324	\$ -	\$ 375,619,875	\$ 3,686	\$ 10,287,375
	RDA Increment	\$ -	\$ -	\$ 228,636,899	\$ -	\$ 9,933,640
	Net Value After RDA / TRA Frozen Base	\$ 38,851,324	\$ -	\$ 146,982,976	\$ 3,686	\$ 353,735
	Tax Revenue	\$ 388,513	\$ -	\$ 1,469,830	\$ 37	\$ 3,537
		Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (58,724)	\$ -	\$ (225,452)	\$ (6)	\$ (530)
Total Transfers From		\$ (58,724)	\$ -	\$ (225,452)	\$ (6)	\$ (530)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 49,835	\$ -	\$ 191,325	\$ 5	\$ 449
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 3,181	\$ -	\$ 12,212	\$ 0	\$ 29
CITY OF HESPERIA	9.7202%	\$ 5,708	\$ -	\$ 21,914	\$ 1	\$ 51
Total Transfers To		\$ 58,724	\$ -	\$ 225,452	\$ 6	\$ 530
TAX RATE AREA		20038	20039	20042	20043	20044
	Assessed Value	\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ 93,158,487
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ 93,158,487
	Net Value After RDA / TRA Frozen Base	\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ -
	Tax Revenue	\$ 245,553	\$ 102,348	\$ -	\$ -	\$ -
		Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year
	Negotiated Percentage	2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (36,745)	\$ (15,706)	\$ -	\$ -	\$ -
Total Transfers From		\$ (36,745)	\$ (15,706)	\$ -	\$ -	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 31,183	\$ 13,328	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 1,990	\$ 851	\$ -	\$ -	\$ -
CITY OF HESPERIA	9.7202%	\$ 3,572	\$ 1,527	\$ -	\$ -	\$ -
Total Transfers To		\$ 36,745	\$ 15,706	\$ -	\$ -	\$ -

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Exhibit A

TAX RATE AREA		20045	20050	20051	20052	20053
Assessed Value		\$ 104,552,894	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
RDA Increment		\$ 97,890,169	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 6,662,725	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
Tax Revenue		\$ 66,627	\$ 70,039	\$ 49,673	\$ 4,019	\$ 4,166
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (10,221)	\$ (10,742)	\$ (7,961)	\$ (616)	\$ (640)
Total Transfers From		\$ (10,221)	\$ (10,742)	\$ (7,961)	\$ (616)	\$ (640)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 8,674	\$ 9,116	\$ 6,756	\$ 523	\$ 543
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 554	\$ 582	\$ 431	\$ 33	\$ 35
CITY OF HESPERIA	9.7202%	\$ 993	\$ 1,044	\$ 774	\$ 60	\$ 62
Total Transfers To		\$ 10,221	\$ 10,742	\$ 7,961	\$ 616	\$ 640
TAX RATE AREA		20054	20055	20056	20057	20058
Assessed Value		\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
Tax Revenue		\$ 20,507	\$ -	\$ -	\$ -	\$ 138,887
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (3,145)	\$ -	\$ -	\$ -	\$ (21,289)
Total Transfers From		\$ (3,145)	\$ -	\$ -	\$ -	\$ (21,289)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 2,669	\$ -	\$ -	\$ -	\$ 18,067
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 170	\$ -	\$ -	\$ -	\$ 1,153
CITY OF HESPERIA	9.7202%	\$ 306	\$ -	\$ -	\$ -	\$ 2,069
Total Transfers To		\$ 3,145	\$ -	\$ -	\$ -	\$ 21,289

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Exhibit A

TAX RATE AREA		20060	20061	20063	20064	20065
Assessed Value		\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
Tax Revenue		\$ 56,187	\$ 4,191	\$ 2,820	\$ 2,711	\$ 15,657
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (8,619)	\$ (643)	\$ (429)	\$ (416)	\$ (2,402)
Total Transfers From		\$ (8,619)	\$ (643)	\$ (429)	\$ (416)	\$ (2,402)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 7,314	\$ 546	\$ 364	\$ 353	\$ 2,038
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 467	\$ 35	\$ 23	\$ 23	\$ 130
CITY OF HESPERIA	9.7202%	\$ 838	\$ 63	\$ 42	\$ 40	\$ 233
Total Transfers To		\$ 8,619	\$ 643	\$ 429	\$ 416	\$ 2,402
TAX RATE AREA		20067	20069	20070	20072	20074
Assessed Value		\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 70,556,690	\$ 112,644,579
RDA Increment		\$ -	\$ -	\$ -	\$ 66,102,050	\$ 71,703,957
Net Value After RDA / TRA Frozen Base		\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 4,454,640	\$ 40,940,622
Tax Revenue		\$ 5,757	\$ 131,010	\$ 103,388	\$ 44,546	\$ 409,406
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (894)	\$ (20,994)	\$ (15,875)	\$ (6,833)	\$ (62,797)
Total Transfers From		\$ (894)	\$ (20,994)	\$ (15,875)	\$ (6,833)	\$ (62,797)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 759	\$ 17,817	\$ 13,472	\$ 5,798	\$ 53,292
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 48	\$ 1,137	\$ 860	\$ 370	\$ 3,402
CITY OF HESPERIA	9.7202%	\$ 87	\$ 2,041	\$ 1,543	\$ 664	\$ 6,104
Total Transfers To		\$ 894	\$ 20,994	\$ 15,875	\$ 6,833	\$ 62,797

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Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
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Exhibit A

TAX RATE AREA		20076	20077	20079	20080	20082
Assessed Value		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 146,558,099	\$ 126,119,145
RDA Increment		\$ -	\$ -	\$ -	\$ 83,935,992	\$ 66,627,367
Net Value After RDA / TRA Frozen Base		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 62,622,107	\$ 59,491,778
Tax Revenue		\$ -	\$ 20,410	\$ 109,168	\$ 626,221	\$ 594,918
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ (3,130)	\$ (16,753)	\$ (96,055)	\$ (91,252)
Total Transfers From		\$ -	\$ (3,130)	\$ (16,753)	\$ (96,055)	\$ (91,252)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ 2,656	\$ 14,217	\$ 81,515	\$ 77,439
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ 170	\$ 907	\$ 5,203	\$ 4,943
CITY OF HESPERIA	9.7202%	\$ -	\$ 304	\$ 1,628	\$ 9,337	\$ 8,870
Total Transfers To		\$ -	\$ 3,130	\$ 16,753	\$ 96,055	\$ 91,252
TAX RATE AREA		20083	20084	20085	20086	20087
Assessed Value		\$ 79,676,065	\$ 10,490,761	\$ 2,638,840	\$ 18,312,439	\$ -
RDA Increment		\$ -	\$ -	\$ 1,742,298	\$ 8,475,977	\$ (428,141)
Net Value After RDA / TRA Frozen Base		\$ 79,676,065	\$ 10,490,761	\$ 896,542	\$ 9,836,462	\$ -
Tax Revenue		\$ 796,761	\$ 104,908	\$ 8,965	\$ 98,365	\$ -
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (122,258)	\$ (16,097)	\$ (1,375)	\$ (15,088)	\$ -
Total Transfers From		\$ (122,258)	\$ (16,097)	\$ (1,375)	\$ (15,088)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 103,751	\$ 13,661	\$ 1,167	\$ 12,804	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 6,622	\$ 872	\$ 74	\$ 817	\$ -
CITY OF HESPERIA	9.7202%	\$ 11,884	\$ 1,565	\$ 134	\$ 1,467	\$ -
Total Transfers To		\$ 122,258	\$ 16,097	\$ 1,375	\$ 15,088	\$ -

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Exhibit A

TAX RATE AREA		20088	20089	20090	20092	20093
Assessed Value		\$ 163,765,173	\$ -	\$ 2,167,917,493	\$ 395,926,793	\$ 11,258
RDA Increment		\$ 95,368,688	\$ -	\$ 1,194,812,901	\$ 354,371,667	\$ 3,870
Net Value After RDA / TRA Frozen Base		\$ 68,396,485	\$ -	\$ 973,104,592	\$ 41,555,126	\$ 7,388
Tax Revenue		\$ 683,965	\$ -	\$ 9,731,046	\$ 415,551	\$ 74
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (104,913)	\$ -	\$ (1,492,651)	\$ (63,740)	\$ (11)
Total Transfers From		\$ (104,913)	\$ -	\$ (1,492,651)	\$ (63,740)	\$ (11)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 89,032	\$ -	\$ 1,266,709	\$ 54,092	\$ 10
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 5,683	\$ -	\$ 80,854	\$ 3,453	\$ 1
CITY OF HESPERIA	9.7202%	\$ 10,198	\$ -	\$ 145,088	\$ 6,196	\$ 1
Total Transfers To		\$ 104,913	\$ -	\$ 1,492,651	\$ 63,740	\$ 11
TAX RATE AREA		20094	20095	20096	20097	20101
Assessed Value		\$ 393,149,713	\$ -	\$ 12,183,447	\$ 185,898,843	\$ 16,782,006
RDA Increment		\$ 229,038,069	\$ -	\$ 3,457,915	\$ 174,417,539	\$ 6,584,617
Net Value After RDA / TRA Frozen Base		\$ 164,111,644	\$ -	\$ 8,725,532	\$ 11,481,304	\$ 10,197,389
Tax Revenue		\$ 1,641,116	\$ -	\$ 87,255	\$ 114,813	\$ 101,974
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (251,726)	\$ -	\$ (13,384)	\$ (17,612)	\$ (15,642)
Total Transfers From		\$ (251,726)	\$ -	\$ (13,384)	\$ (17,612)	\$ (15,642)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 213,622	\$ -	\$ 11,358	\$ 14,946	\$ 13,274
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 13,635	\$ -	\$ 725	\$ 954	\$ 847
CITY OF HESPERIA	9.7202%	\$ 24,468	\$ -	\$ 1,301	\$ 1,712	\$ 1,520
Total Transfers To		\$ 251,726	\$ -	\$ 13,384	\$ 17,612	\$ 15,642

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Exhibit A

TAX RATE AREA		20102	20103	20104	20105	20106
Assessed Value		\$ 113,280,978	\$ 4,110,484	\$ 6,519,609	\$ 695,296	\$ 75,436,544
RDA Increment		\$ 71,792,892	\$ 1,879,784	\$ 4,482,762	\$ 458,607	\$ 53,831,782
Net Value After RDA / TRA Frozen Base		\$ 41,488,086	\$ 2,230,700	\$ 2,036,847	\$ 236,689	\$ 21,604,762
Tax Revenue		\$ 414,881	\$ 22,307	\$ 20,368	\$ 2,367	\$ 216,048
		Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year
Negotiated Percentage		2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (63,639)	\$ (3,424)	\$ (3,125)	\$ (363)	\$ (33,139)
Total Transfers From		\$ (63,639)	\$ (3,424)	\$ (3,125)	\$ (363)	\$ (33,139)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 54,006	\$ 2,905	\$ 2,652	\$ 308	\$ 28,123
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 3,447	\$ 185	\$ 169	\$ 20	\$ 1,795
CITY OF HESPERIA	9.7202%	\$ 6,186	\$ 333	\$ 304	\$ 35	\$ 3,221
Total Transfers To		\$ 63,639	\$ 3,424	\$ 3,125	\$ 363	\$ 33,139

TAX RATE AREA		20107	20108	20109	20110	20111
Assessed Value		\$ -	\$ 181,189,707	\$ -	\$ 20,171,793	\$ -
RDA Increment		\$ -	\$ 110,795,463	\$ -	\$ 10,995,384	\$ -
Net Value After RDA / TRA Frozen Base		\$ -	\$ 70,394,244	\$ -	\$ 9,176,409	\$ -
Tax Revenue		\$ -	\$ 703,942	\$ -	\$ 91,764	\$ -
		Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year	Change In Base Year
Negotiated Percentage		2017-18	2017-18	2017-18	2017-18	2017-18
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ (107,980)	\$ -	\$ (14,084)	\$ -
Total Transfers From		\$ -	\$ (107,980)	\$ -	\$ (14,084)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ 91,635	\$ -	\$ 11,952	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ 5,849	\$ -	\$ 763	\$ -
CITY OF HESPERIA	9.7202%	\$ -	\$ 10,496	\$ -	\$ 1,369	\$ -
Total Transfers To		\$ -	\$ 107,980	\$ -	\$ 14,084	\$ -

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Exhibit A

TAX RATE AREA		20112	20113	20114	20115	20116
Assessed Value		\$ -	\$ 14,168,993	\$ 18,600,482	\$ 2,786,560	\$ 3,811,050
RDA Increment		\$ -	\$ 13,457,795	\$ 15,042,065	\$ 2,704,317	\$ -
Net Value After RDA / TRA Frozen Base		\$ -	\$ 711,198	\$ 3,558,417	\$ 82,243	\$ 3,811,050
Tax Revenue		\$ -	\$ 7,112	\$ 35,584	\$ 822	\$ 38,111
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ (1,091)	\$ (5,703)	\$ (126)	\$ (5,847)
Total Transfers From		\$ -	\$ (1,091)	\$ (5,703)	\$ (126)	\$ (5,847)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ 926	\$ 4,840	\$ 107	\$ 4,962
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ 59	\$ 309	\$ 7	\$ 317
CITY OF HESPERIA	9.7202%	\$ -	\$ 106	\$ 554	\$ 12	\$ 568
Total Transfers To		\$ -	\$ 1,091	\$ 5,703	\$ 126	\$ 5,847
TAX RATE AREA		20117	20118	20119	20120	20121
Assessed Value		\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
Tax Revenue		\$ 1,282	\$ 308,585	\$ 129,508	\$ 43,558	\$ 57,245
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (199)	\$ (47,276)	\$ (20,696)	\$ (6,671)	\$ (8,769)
Total Transfers From		\$ (199)	\$ (47,276)	\$ (20,696)	\$ (6,671)	\$ (8,769)
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 169	\$ 40,120	\$ 17,563	\$ 5,661	\$ 7,442
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 11	\$ 2,561	\$ 1,121	\$ 361	\$ 475
CITY OF HESPERIA	9.7202%	\$ 19	\$ 4,595	\$ 2,012	\$ 648	\$ 852
Total Transfers To		\$ 199	\$ 47,276	\$ 20,696	\$ 6,671	\$ 8,769

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Exhibit A

TAX RATE AREA		20122	20124	20125	20127	54011
Assessed Value		\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
Tax Revenue		\$ 65,099	\$ 176,286	\$ 210,689	\$ 23,142	\$ 13,327
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ (9,970)	\$ (26,989)	\$ (33,671)	\$ (3,698)	\$ -
Total Transfers From		\$ (9,970)	\$ (26,989)	\$ (33,671)	\$ (3,698)	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ 8,461	\$ 22,904	\$ 28,574	\$ 3,138	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ 540	\$ 1,462	\$ 1,824	\$ 200	\$ -
CITY OF HESPERIA	9.7202%	\$ 969	\$ 2,623	\$ 3,273	\$ 359	\$ -
Total Transfers To		\$ 9,970	\$ 26,989	\$ 33,671	\$ 3,698	\$ -
TAX RATE AREA		54066	54086	79001	79003	79018
Assessed Value		\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
Tax Revenue		\$ -	\$ 390,272	\$ -	\$ -	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER FROM						
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers From		\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER TO						
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ -	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ -	\$ -	\$ -	\$ -
CITY OF HESPERIA	9.7202%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers To		\$ -	\$ -	\$ -	\$ -	\$ -

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Exhibit A

TAX RATE AREA		79044	21036		GRAND TOTAL
	Assessed Value	\$ -	\$ 118,832		\$ 5,719,122,266
	RDA Increment	\$ -	\$ -		\$ 3,180,980,896
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 118,832		\$ 2,537,713,229
	Tax Revenue	\$ -	\$ 1,188		\$ 25,377,132
		Change In Base Year 2017-18	Change In Base Year 2017-18		Change In Base Year 2017-18
	Negotiated Percentage				
TRANSFER FROM					
HESPERIA FIRE PROTECTION DISTRICT	-100.00%	\$ -	\$ -		\$ (3,832,313)
Total Transfers From		\$ -	\$ -		\$ (3,832,313)
TRANSFER TO					
SAN BDNO CNTY FIRE - NORTH DESERT	84.8630%	\$ -	\$ -		\$ 3,252,217
SAN BDNO CNTY FIRE - ADMIN	5.4168%	\$ -	\$ -		\$ 207,588
CITY OF HESPERIA	9.7202%	\$ -	\$ -		\$ 372,508
Total Transfers To		\$ -	\$ -		\$ 3,832,313

Note: The transfer amounts will be adjusted to account for growth in assessed valuation, with the intention to transfer 90.2798% of Hesperia Fire Protection District's ad valorem property taxes to the San Bernardino County Fire Protection District (6% to Administration and 94% to the North Desert Service Zone), and 9.7202% of the Hesperia Fire's ad valorem property taxes to the City of Hesperia.

EXHIBIT "B"

PROPERTY TAX REVENUE EXCHANGE

[Attached behind this page]

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit B

TAX RATE AREA		20003	20004	20007	20008	20009
	Assessed Value	\$ 1,653,047	\$ 21,125	\$ 89,079,309	\$ -	\$ 21,975,750
	RDA Increment	\$ -	\$ 16,845	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 1,653,047	\$ 4,280	\$ 89,079,309	\$ -	\$ 21,975,750
	Tax Revenue	\$ 16,530	\$ 43	\$ 890,793	\$ -	\$ 219,758
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 2,536	\$ 7	\$ 136,721	\$ -	\$ 33,216
Total Transfers From		\$ 2,536	\$ 7	\$ 136,721	\$ -	\$ 33,216
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (2,152)	\$ (6)	\$ (116,026)	\$ -	\$ (28,188)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (137)	\$ (0)	\$ (7,406)	\$ -	\$ (1,799)
CITY OF HESPERIA	-9.7202%	\$ (247)	\$ (1)	\$ (13,290)	\$ -	\$ (3,229)
Total Transfers To		\$ (2,536)	\$ (7)	\$ (136,721)	\$ -	\$ (33,216)
TAX RATE AREA		20010	20012	20013	20015	20016
	Assessed Value	\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 230,846,337	\$ -	\$ -	\$ 3,472,496	\$ -
	Tax Revenue	\$ 2,308,463	\$ -	\$ -	\$ 34,725	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 354,255	\$ -	\$ -	\$ 5,374	\$ -
Total Transfers From		\$ 354,255	\$ -	\$ -	\$ 5,374	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (300,632)	\$ -	\$ -	\$ (4,560)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (19,189)	\$ -	\$ -	\$ (291)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (34,434)	\$ -	\$ -	\$ (522)	\$ -
Total Transfers To		\$ (354,255)	\$ -	\$ -	\$ (5,374)	\$ -

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Exhibit B

TAX RATE AREA		20018	20019	20020	20021	20022
	Assessed Value	\$ 3,095,199	\$ 116,033,694	\$ -	\$ -	\$ 4,748,640
	RDA Increment	\$ -	\$ 109,689,239	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 3,095,199	\$ 6,344,455	\$ -	\$ -	\$ 4,748,640
	Tax Revenue	\$ 30,952	\$ 63,445	\$ -	\$ -	\$ 47,486
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 5,016	\$ 9,490	\$ -	\$ -	\$ 7,285
Total Transfers From		\$ 5,016	\$ 9,490	\$ -	\$ -	\$ 7,285
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (4,256)	\$ (8,054)	\$ -	\$ -	\$ (6,182)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (272)	\$ (514)	\$ -	\$ -	\$ (395)
CITY OF HESPERIA	-9.7202%	\$ (488)	\$ (922)	\$ -	\$ -	\$ (708)
Total Transfers To		\$ (5,016)	\$ (9,490)	\$ -	\$ -	\$ (7,285)
TAX RATE AREA		20023	20024	20025	20027	20028
	Assessed Value	\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 4,753,676	\$ 19,645,406	\$ 1,210,821	\$ 6,043,052	\$ -
	Tax Revenue	\$ 47,537	\$ 196,454	\$ 12,108	\$ 60,431	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 7,295	\$ 30,153	\$ 1,877	\$ 9,268	\$ -
Total Transfers From		\$ 7,295	\$ 30,153	\$ 1,877	\$ 9,268	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (6,191)	\$ (25,589)	\$ (1,593)	\$ (7,865)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (395)	\$ (1,633)	\$ (102)	\$ (502)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (709)	\$ (2,931)	\$ (182)	\$ (901)	\$ -
Total Transfers To		\$ (7,295)	\$ (30,153)	\$ (1,877)	\$ (9,268)	\$ -

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Exhibit B

TAX RATE AREA		20029	20032	20033	20036	20037
Assessed Value		\$ 38,851,324	\$ -	\$ 375,619,875	\$ 3,686	\$ 10,287,375
RDA Increment		\$ -	\$ -	\$ 228,636,899	\$ -	\$ 9,933,640
Net Value After RDA / TRA Frozen Base		\$ 38,851,324	\$ -	\$ 146,982,976	\$ 3,686	\$ 353,735
Tax Revenue		\$ 388,513	\$ -	\$ 1,469,830	\$ 37	\$ 3,537
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 58,724	\$ -	\$ 225,452	\$ 6	\$ 530
Total Transfers From		\$ 58,724	\$ -	\$ 225,452	\$ 6	\$ 530
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (49,835)	\$ -	\$ (191,325)	\$ (5)	\$ (449)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (3,181)	\$ -	\$ (12,212)	\$ (0)	\$ (29)
CITY OF HESPERIA	-9.7202%	\$ (5,708)	\$ -	\$ (21,914)	\$ (1)	\$ (51)
Total Transfers To		\$ (58,724)	\$ -	\$ (225,452)	\$ (6)	\$ (530)
TAX RATE AREA		20038	20039	20042	20043	20044
Assessed Value		\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ 93,158,487
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ 93,158,487
Net Value After RDA / TRA Frozen Base		\$ 24,555,282	\$ 10,234,817	\$ -	\$ -	\$ -
Tax Revenue		\$ 245,553	\$ 102,348	\$ -	\$ -	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 36,745	\$ 15,706	\$ -	\$ -	\$ -
Total Transfers From		\$ 36,745	\$ 15,706	\$ -	\$ -	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (31,183)	\$ (13,328)	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (1,990)	\$ (851)	\$ -	\$ -	\$ -
CITY OF HESPERIA	-9.7202%	\$ (3,572)	\$ (1,527)	\$ -	\$ -	\$ -
Total Transfers To		\$ (36,745)	\$ (15,706)	\$ -	\$ -	\$ -

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Exhibit B

TAX RATE AREA		2004S	20050	20051	20052	20053
Assessed Value		\$ 104,552,894	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
RDA Increment		\$ 97,890,169	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 6,662,725	\$ 7,003,901	\$ 4,967,285	\$ 401,921	\$ 416,581
Tax Revenue		\$ 66,627	\$ 70,039	\$ 49,673	\$ 4,019	\$ 4,166
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 10,221	\$ 10,742	\$ 7,961	\$ 616	\$ 640
Total Transfers From		\$ 10,221	\$ 10,742	\$ 7,961	\$ 616	\$ 640
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (8,674)	\$ (9,116)	\$ (6,756)	\$ (523)	\$ (543)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (554)	\$ (582)	\$ (431)	\$ (33)	\$ (35)
CITY OF HESPERIA	-9.7202%	\$ (993)	\$ (1,044)	\$ (774)	\$ (60)	\$ (62)
Total Transfers To		\$ (10,221)	\$ (10,742)	\$ (7,961)	\$ (616)	\$ (640)
TAX RATE AREA		20054	20055	20056	20057	20058
Assessed Value		\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 2,050,674	\$ -	\$ -	\$ -	\$ 13,888,726
Tax Revenue		\$ 20,507	\$ -	\$ -	\$ -	\$ 138,887
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 3,145	\$ -	\$ -	\$ -	\$ 21,289
Total Transfers From		\$ 3,145	\$ -	\$ -	\$ -	\$ 21,289
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (2,669)	\$ -	\$ -	\$ -	\$ (18,067)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (170)	\$ -	\$ -	\$ -	\$ (1,153)
CITY OF HESPERIA	-9.7202%	\$ (306)	\$ -	\$ -	\$ -	\$ (2,069)
Total Transfers To		\$ (3,145)	\$ -	\$ -	\$ -	\$ (21,289)

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Exhibit B

TAX RATE AREA		20060	20061	20063	20064	20065
	Assessed Value	\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
	RDA Increment	\$ -	\$ -	\$ -	\$ -	\$ -
	Net Value After RDA / TRA Frozen Base	\$ 5,618,698	\$ 419,111	\$ 282,007	\$ 271,113	\$ 1,565,707
	Tax Revenue	\$ 56,187	\$ 4,191	\$ 2,820	\$ 2,711	\$ 15,657
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 8,619	\$ 643	\$ 429	\$ 416	\$ 2,402
Total Transfers From		\$ 8,619	\$ 643	\$ 429	\$ 416	\$ 2,402
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (7,314)	\$ (546)	\$ (364)	\$ (353)	\$ (2,038)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (467)	\$ (35)	\$ (23)	\$ (23)	\$ (130)
CITY OF HESPERIA	-9.7202%	\$ (838)	\$ (63)	\$ (42)	\$ (40)	\$ (233)
Total Transfers To		\$ (8,619)	\$ (643)	\$ (429)	\$ (416)	\$ (2,402)

TAX RATE AREA		20067	20069	20070	20072	20074
	Assessed Value	\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 70,556,690	\$ 112,644,579
	RDA Increment	\$ -	\$ -	\$ -	\$ 66,102,050	\$ 71,703,957
	Net Value After RDA / TRA Frozen Base	\$ 575,658	\$ 13,100,982	\$ 10,338,762	\$ 4,454,640	\$ 40,940,622
	Tax Revenue	\$ 5,757	\$ 131,010	\$ 103,388	\$ 44,546	\$ 409,406
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 894	\$ 20,994	\$ 15,875	\$ 6,833	\$ 62,797
Total Transfers From		\$ 894	\$ 20,994	\$ 15,875	\$ 6,833	\$ 62,797
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (759)	\$ (17,817)	\$ (13,472)	\$ (5,798)	\$ (53,292)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (48)	\$ (1,137)	\$ (860)	\$ (370)	\$ (3,402)
CITY OF HESPERIA	-9.7202%	\$ (87)	\$ (2,041)	\$ (1,543)	\$ (664)	\$ (6,104)
Total Transfers To		\$ (894)	\$ (20,994)	\$ (15,875)	\$ (6,833)	\$ (62,797)

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Exhibit B

TAX RATE AREA		20076	20077	20079	20080	20082
Assessed Value		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 146,558,099	\$ 126,119,145
RDA Increment		\$ -	\$ -	\$ -	\$ 83,935,992	\$ 66,627,367
Net Value After RDA / TRA Frozen Base		\$ -	\$ 2,040,974	\$ 10,916,814	\$ 62,622,107	\$ 59,491,778
Tax Revenue		\$ -	\$ 20,410	\$ 109,168	\$ 626,221	\$ 594,918
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ 3,130	\$ 16,753	\$ 96,055	\$ 91,252
Total Transfers From		\$ -	\$ 3,130	\$ 16,753	\$ 96,055	\$ 91,252
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ (2,656)	\$ (14,217)	\$ (81,515)	\$ (77,439)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ (170)	\$ (907)	\$ (5,203)	\$ (4,943)
CITY OF HESPERIA	-9.7202%	\$ -	\$ (304)	\$ (1,628)	\$ (9,337)	\$ (8,870)
Total Transfers To		\$ -	\$ (3,130)	\$ (16,753)	\$ (96,055)	\$ (91,252)

TAX RATE AREA		20083	20084	20085	20086	20087
Assessed Value		\$ 79,676,065	\$ 10,490,761	\$ 2,638,840	\$ 18,312,439	\$ -
RDA Increment		\$ -	\$ -	\$ 1,742,298	\$ 8,475,977	\$ (428,141)
Net Value After RDA / TRA Frozen Base		\$ 79,676,065	\$ 10,490,761	\$ 896,542	\$ 9,836,462	\$ -
Tax Revenue		\$ 796,761	\$ 104,908	\$ 8,965	\$ 98,365	\$ -
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 122,258	\$ 16,097	\$ 1,375	\$ 15,088	\$ -
Total Transfers From		\$ 122,258	\$ 16,097	\$ 1,375	\$ 15,088	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (103,751)	\$ (13,661)	\$ (1,167)	\$ (12,804)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (6,622)	\$ (872)	\$ (74)	\$ (817)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (11,884)	\$ (1,565)	\$ (134)	\$ (1,467)	\$ -
Total Transfers To		\$ (122,258)	\$ (16,097)	\$ (1,375)	\$ (15,088)	\$ -

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Exhibit B

TAX RATE AREA		20088	20089	20090	20092	20093
	Assessed Value	\$ 163,765,173	\$ -	\$ 2,167,917,493	\$ 395,926,793	\$ 11,258
	RDA Increment	\$ 95,368,688	\$ -	\$ 1,194,812,901	\$ 354,371,667	\$ 3,870
	Net Value After RDA / TRA Frozen Base	\$ 68,396,485	\$ -	\$ 973,104,592	\$ 41,555,126	\$ 7,388
	Tax Revenue	\$ 683,965	\$ -	\$ 9,731,046	\$ 415,551	\$ 74
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 104,913	\$ -	\$ 1,492,651	\$ 63,740	\$ 11
Total Transfers From		\$ 104,913	\$ -	\$ 1,492,651	\$ 63,740	\$ 11
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (89,032)	\$ -	\$ (1,266,709)	\$ (54,092)	\$ (10)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (5,683)	\$ -	\$ (80,854)	\$ (3,453)	\$ (1)
CITY OF HESPERIA	-9.7202%	\$ (10,198)	\$ -	\$ (145,088)	\$ (6,196)	\$ (1)
Total Transfers To		\$ (104,913)	\$ -	\$ (1,492,651)	\$ (63,740)	\$ (11)
TAX RATE AREA		20094	20095	20096	20097	20101
	Assessed Value	\$ 393,149,713	\$ -	\$ 12,183,447	\$ 185,898,843	\$ 16,782,006
	RDA Increment	\$ 229,038,069	\$ -	\$ 3,457,915	\$ 174,417,539	\$ 6,584,617
	Net Value After RDA / TRA Frozen Base	\$ 164,111,644	\$ -	\$ 8,725,532	\$ 11,481,304	\$ 10,197,389
	Tax Revenue	\$ 1,641,116	\$ -	\$ 87,255	\$ 114,813	\$ 101,974
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 251,726	\$ -	\$ 13,384	\$ 17,612	\$ 15,642
Total Transfers From		\$ 251,726	\$ -	\$ 13,384	\$ 17,612	\$ 15,642
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (213,622)	\$ -	\$ (11,358)	\$ (14,946)	\$ (13,274)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (13,635)	\$ -	\$ (725)	\$ (954)	\$ (847)
CITY OF HESPERIA	-9.7202%	\$ (24,468)	\$ -	\$ (1,301)	\$ (1,712)	\$ (1,520)
Total Transfers To		\$ (251,726)	\$ -	\$ (13,384)	\$ (17,612)	\$ (15,642)

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Exhibit B

TAX RATE AREA		20102	20103	20104	20105	20106
	Assessed Value	\$ 113,280,978	\$ 4,110,484	\$ 6,519,609	\$ 695,296	\$ 75,436,544
	RDA Increment	\$ 71,792,892	\$ 1,879,784	\$ 4,482,762	\$ 458,607	\$ 53,831,782
	Net Value After RDA / TRA Frozen Base	\$ 41,488,086	\$ 2,230,700	\$ 2,036,847	\$ 236,689	\$ 21,604,762
	Tax Revenue	\$ 414,881	\$ 22,307	\$ 20,368	\$ 2,367	\$ 216,048
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 63,639	\$ 3,424	\$ 3,125	\$ 363	\$ 33,139
Total Transfers From		\$ 63,639	\$ 3,424	\$ 3,125	\$ 363	\$ 33,139
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (54,006)	\$ (2,905)	\$ (2,652)	\$ (308)	\$ (28,123)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (3,447)	\$ (185)	\$ (169)	\$ (20)	\$ (1,795)
CITY OF HESPERIA	-9.7202%	\$ (6,186)	\$ (333)	\$ (304)	\$ (35)	\$ (3,221)
Total Transfers To		\$ (63,639)	\$ (3,424)	\$ (3,125)	\$ (363)	\$ (33,139)

TAX RATE AREA		20107	20108	20109	20110	20111
	Assessed Value	\$ -	\$ 181,189,707	\$ -	\$ 20,171,793	\$ -
	RDA Increment	\$ -	\$ 110,795,463	\$ -	\$ 10,995,384	\$ -
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 70,394,244	\$ -	\$ 9,176,409	\$ -
	Tax Revenue	\$ -	\$ 703,942	\$ -	\$ 91,764	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
	Negotiated Percentage					
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ 107,980	\$ -	\$ 14,084	\$ -
Total Transfers From		\$ -	\$ 107,980	\$ -	\$ 14,084	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ (91,635)	\$ -	\$ (11,952)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ (5,849)	\$ -	\$ (763)	\$ -
CITY OF HESPERIA	-9.7202%	\$ -	\$ (10,496)	\$ -	\$ (1,369)	\$ -
Total Transfers To		\$ -	\$ (107,980)	\$ -	\$ (14,084)	\$ -

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TAX RATE AREA		20112	20113	20114	20115	20116
Assessed Value		\$ -	\$ 14,168,993	\$ 18,600,482	\$ 2,786,560	\$ 3,811,050
RDA Increment		\$ -	\$ 13,457,795	\$ 15,042,065	\$ 2,704,317	\$ -
Net Value After RDA / TRA Frozen Base		\$ -	\$ 711,198	\$ 3,558,417	\$ 82,243	\$ 3,811,050
Tax Revenue		\$ -	\$ 7,112	\$ 35,584	\$ 822	\$ 38,111
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ 1,091	\$ 5,703	\$ 126	\$ 5,847
Total Transfers From		\$ -	\$ 1,091	\$ 5,703	\$ 126	\$ 5,847
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ (926)	\$ (4,840)	\$ (107)	\$ (4,962)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ (59)	\$ (309)	\$ (7)	\$ (317)
CITY OF HESPERIA	-9.7202%	\$ -	\$ (106)	\$ (554)	\$ (12)	\$ (568)
Total Transfers To		\$ -	\$ (1,091)	\$ (5,703)	\$ (126)	\$ (5,847)
TAX RATE AREA		20117	20118	20119	20120	20121
Assessed Value		\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 128,243	\$ 30,858,525	\$ 12,950,768	\$ 4,355,821	\$ 5,724,509
Tax Revenue		\$ 1,282	\$ 308,585	\$ 129,508	\$ 43,558	\$ 57,245
Negotiated Percentage		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 199	\$ 47,276	\$ 20,696	\$ 6,671	\$ 8,769
Total Transfers From		\$ 199	\$ 47,276	\$ 20,696	\$ 6,671	\$ 8,769
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (169)	\$ (40,120)	\$ (17,563)	\$ (5,661)	\$ (7,442)
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (11)	\$ (2,561)	\$ (1,121)	\$ (361)	\$ (475)
CITY OF HESPERIA	-9.7202%	\$ (19)	\$ (4,595)	\$ (2,012)	\$ (648)	\$ (852)
Total Transfers To		\$ (199)	\$ (47,276)	\$ (20,696)	\$ (6,671)	\$ (8,769)

LAFCO 3218
Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit B

TAX RATE AREA		20122	20124	20125	20127	54011
Assessed Value		\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ 6,509,869	\$ 17,628,645	\$ 21,068,901	\$ 2,314,195	\$ 1,332,733
Tax Revenue		\$ 65,099	\$ 176,286	\$ 210,689	\$ 23,142	\$ 13,327
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ 9,970	\$ 26,989	\$ 33,671	\$ 3,698	\$ -
Total Transfers From		\$ 9,970	\$ 26,989	\$ 33,671	\$ 3,698	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ (8,461)	\$ (22,904)	\$ (28,574)	\$ (3,138)	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ (540)	\$ (1,462)	\$ (1,824)	\$ (200)	\$ -
CITY OF HESPERIA	-9.7202%	\$ (969)	\$ (2,623)	\$ (3,273)	\$ (359)	\$ -
Total Transfers To		\$ (9,970)	\$ (26,989)	\$ (33,671)	\$ (3,698)	\$ -
TAX RATE AREA		54066	54086	79001	79003	79018
Assessed Value		\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
RDA Increment		\$ -	\$ -	\$ -	\$ -	\$ -
Net Value After RDA / TRA Frozen Base		\$ -	\$ 39,027,179	\$ -	\$ -	\$ -
Tax Revenue		\$ -	\$ 390,272	\$ -	\$ -	\$ -
		Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18	Change In Base Year 2017-18
Negotiated Percentage						
TRANSFER TO						
HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers From		\$ -	\$ -	\$ -	\$ -	\$ -
TRANSFER FROM						
SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ -	\$ -	\$ -	\$ -
SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ -	\$ -	\$ -	\$ -
CITY OF HESPERIA	-9.7202%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transfers To		\$ -	\$ -	\$ -	\$ -	\$ -

LAFCO 3218

Reorganization to include Annexation to the San Bernardino County Fire Protection District, its North Desert Service Zone,
and the Divestiture of the Functions of Fire, Emergency Medical Response and Ambulance from Hesperia Fire Protection District

Exhibit B

TAX RATE AREA		79044	24036			GRAND TOTAL
	Assessed Value	\$ -	\$ 118,832			\$ 5,719,122,266
	RDA Increment	\$ -	\$ -			\$ 3,180,980,896
	Net Value After RDA / TRA Frozen Base	\$ -	\$ 118,832			\$ 2,537,713,229
	Tax Revenue	\$ -	\$ 1,188			\$ 25,377,132
		Change In	Change In			Change In
		Base Year	Base Year			Base Year
		2017-18	2017-18			2017-18
	Negotiated Percentage					
TRANSFER TO						
	HESPERIA FIRE PROTECTION DISTRICT	100.00%	\$ -	\$ -		\$ 3,832,313
	Total Transfers From		\$ -	\$ -		\$ 3,832,313
TRANSFER FROM						
	SAN BDNO CNTY FIRE - NORTH DESERT	-84.8630%	\$ -	\$ -		\$ (3,252,217)
	SAN BDNO CNTY FIRE - ADMIN	-5.4168%	\$ -	\$ -		\$ (207,588)
	CITY OF HESPERIA	-9.7202%	\$ -	\$ -		\$ (372,508)
	Total Transfers To		\$ -	\$ -		\$ (3,832,313)

EXHIBIT "C"

PASS-THROUGH REVENUE SHARING AGREEMENT

[Attached behind this page]

PASS-THROUGH REVENUE SHARING AGREEMENT

AMONG THE CITY OF HESPERIA, THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, AND THE COUNTY OF SAN BERNARDINO FOR THE PURPOSES OF PARTIALLY FUNDING THE ANNEXATION OF FIRE AND RELATED SERVICES AND THE UNFUNDED RETIREMENT OBLIGATIONS RELATED TO THE HESPERIA FIRE PROTECTION DISTRICT AS WELL AS OTHER CITY COSTS

WHEREAS, the Hesperia Fire Protection District ("District") and the San Bernardino County Fire Protection District ("SBCFPD") have jointly initiated an application to the Local Agency Formation Commission ("LAFCO") for reorganization to annex the area within the District into the SBCFPD, for the provision of fire and related services ("Reorganization"); and

WHEREAS, the District and the City of Hesperia Community Redevelopment Agency have executed two negotiated pass-through agreements: 1) Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds dated July 15, 1993; and 2) Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds dated December 29, 1993, (collectively, the "Negotiated Pass-Through Agreements") that shall remain in effect after the Reorganization; and

WHEREAS, the Negotiated Pass-Through Agreements do not have language included which would allow a transfer of tax increment revenues to SBCFPD as required by the LAFCO action regarding the Reorganization of the District; and

WHEREAS, the revenue from the Negotiated Pass-Through Agreements is required to assist in fully funding the costs of fire and related services to be provided by the SBCFPD and is the basis for the Reorganization; and

WHEREAS, LAFCO, pursuant to its authority under Government Code section 56886, may subject the Reorganization to certain terms and conditions, as described in this Agreement; and

WHEREAS, as a term and condition of the Reorganization, LAFCO is requiring a contractual agreement to direct the San Bernardino County Auditor-Controller/Treasurer/Tax Collector ("ATC") to use the SBCFPD Property Tax Percentage and the City Property Tax Percentage, as those terms are defined in Section 2, when distributing tax increment revenue related to the Negotiated Pass-Through Agreements, for the term of this Agreement; and

WHEREAS, as a term and condition of the Reorganization, LAFCO is requiring a contractual agreement to direct ATC to transfer a percentage of tax increment revenue related to the Negotiated Pass-Through Agreements (referred to herein as the "SBCFPD Property Tax Percentage") to the SBCFPD to fund the costs of fire and related services, for the term of this Agreement; and

WHEREAS, a percentage of the District's share of property tax will be transferred to SBCFPD by adoption of a property tax transfer resolution approved by the County of San Bernardino ("County") as a term and condition of the Reorganization; and

WHEREAS, the City of Hesperia ("City") and the District will have an agreement that provides for the City's assumption of liability for the CalPERS obligations of the District, including, but not limited to, timely payment of annual employer contributions to CalPERS required of the District and any withdrawal liability assessed as a result of the voluntary or involuntary termination of the District's contract for pensions with CalPERS. The agreement will also state that the City's assumption of liability continues until all the District's obligations to CalPERS have been fully satisfied; and

WHEREAS, as a term and condition of the Reorganization, LAFCO is requiring a contractual agreement to direct ATC to transfer a percentage of tax increment revenue related to the Negotiated Pass-Through Agreements (referred to herein as the "City Property Tax Percentage"), to the City in order to fund the District's unfunded retirement obligations for the legacy inactive retirement costs with CalPERS as well as other City costs, for the term of this Agreement; and

WHEREAS, a percentage of the District's share of property tax will be transferred to the City by adoption of a property tax transfer resolution approved by the City as a term and condition of the Reorganization; and

WHEREAS, the provisions of this Agreement among the District, City, SBCFPD, and County (collectively, the "Parties") are necessary to provide assurance that all Parties agree to the terms herein, including the requirement that ATC will be directed to transfer a percentage of the District's property tax revenue and tax increment revenue related to the Negotiated Pass-Through Agreements to the SBCFPD to fund the costs associated with the annexation of fire and related services, and a percentage of the District's property tax revenue and tax increment revenue related to the Negotiated Pass-Through Agreements to the City to fund the District's unfunded retirement obligations for the legacy inactive retirement costs with CalPERS as well as other City costs, as provided in this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and promises set forth below, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Incorporation of Recitals. The Recitals set forth above are true and correct and are incorporated herein.

Section 2. Definitions

(a) "*Agreement*" refers to this "Pass-Through Revenue Sharing Agreement" among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District, and the County of San Bernardino for the purposes of partially funding the annexation of fire and related services and the unfunded retirement obligations related to the Hesperia Fire Protection District as well as other City costs," together with the Recitals (and the Attachments), and shall constitute the complete and exclusive statement of understanding between the Parties which supersedes all previous agreements, written or oral, and all communications between the Parties relating to the subject matter of this Agreement.

(b) "*Allocation Period*" refers to the period of time commencing on the effective date of the Reorganization and continuing through the Term of this Agreement.

(c) “ATC” refers to the San Bernardino County Auditor-Controller/Treasurer/Tax Collector, or its successor agency.

(d) “City” refers to the City of Hesperia.

(e) “City Property Tax Percentage” refers to the percentage of tax increment revenue related to the Negotiated Pass-Through Agreements (as defined below) attributable to the District that shall be transferred to the City pursuant to the provisions of this Agreement. The percentage shall be fixed at 9.7202% of the District’s share in each Tax Rate Area within the annexation area to SBCFPD.

(f) “County” refers to the County of San Bernardino.

(g) “District” refers to the Hesperia Fire Protection District.

(h) “LAFCO” refers to the Local Agency Formation Commission.

(i) “Negotiated Pass-Through Agreements” refers to the negotiated pass-through agreements between the City of Hesperia Community Redevelopment Agency and the District attached as follows: (a) “Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds” dated July 15, 1993 (Attachment 1 hereto); and (b) the “Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds” dated December 29, 1993 (Attachment 2 hereto).

(j) “Property Tax Transfer Resolutions” refers collectively to the following: (a) the Resolution of the County accepting the transfer of property tax revenue from the District to the SBCFPD and City, which is adopted as a term and condition of the Reorganization (Attachment 3 hereto); and (b) the Resolution of the City accepting the transfer of property tax revenue from the District to the SBCFPD and City which is adopted as a term and condition of the Reorganization (Attachment 4 hereto).

(k) “Reorganization” refers to the LAFCO 3218 reorganization to include annexation to the SBCFPD, its North Desert Service Zone, and the divestiture of the functions of fire, emergency medical response and ambulance from the District.

(l) “SBCFPD” refers to the San Bernardino County Fire Protection District.

(m) “SBCFPD Property Tax Percentage” refers to the percentage of tax increment revenue related to the Negotiated Pass-Through Agreements attributable to the District that shall be transferred to SBCFPD pursuant to the provisions of this Agreement. The percentage shall be fixed at 90.2798% of the District’s share in each Tax Rate Area within the annexation area to SBCFPD.

Section 3. Allocation Period. During the Allocation Period, ATC, or its successor agency, shall calculate the property tax allocation in accordance with governing law and shall distribute funds in the amount calculated to the SBCFPD and the City as required by the Reorganization. The calculation and distributed funds shall be based on the Property Tax Resolutions and the City Property Tax Percentage and the SBCFPD Property Tax Percentage as defined in Section 2, for the following property tax revenues:

- (a) base property tax; and
- (b) revenues from pass-through agreements, both negotiated or statutory; and
- (c) residual distributions as a result of redevelopment dissolution pursuant to Health and Safety Code 34188; and
- (d) any and all other property tax that may be allocated to the District from time to time during the Term of this Agreement.

Pursuant to Health and Safety Code Section 34187(h), pass-through payments will cease when all enforceable obligations of the Successor Agencies have been retired and is formally dissolved.

Section 4. Term. The Term of this Agreement shall commence on the effective date of the Reorganization and shall remain in full force and effect until the Negotiated Pass-Through Agreements have expired.

Section 5. Inability to Implement or Enforce this Pass-Through Revenue Sharing Agreement. Pursuant to the provisions of the Reorganization and this Agreement, the revenues from the Negotiated Pass-Through Agreements will be transferred from the District to SBCFPD and the City in consideration for their assumption of the duties, responsibilities, services and/or obligations set forth in the Reorganization, this Agreement and the agreement between the City and District regarding the CalPERS obligations. If the terms of this Agreement cannot be implemented or enforced by the Parties as a result of a final court judgement, state law or regulation change, state action or any action or proceeding by a third party that affects the Pass-Through Revenue Sharing Agreement, the Parties agree to the following:

- (a) Exhibit "B" of the Property Tax Transfer Resolutions approved by the County Board of Supervisors and the City of Hesperia shall be temporarily implemented and all property tax revenue received by SBCFPD and the City will be returned to the District; and
- (b) This Agreement shall terminate upon the implementation of the agreement described in (c) below; and
- (c) The District, SBCFPD and the City have already executed the Revenue Sharing Agreement (Exhibit "D" of the Property Tax Transfer Resolutions), whereby the District has agreed to transfer all revenue received through property tax, pass-through agreements, residual distributions and any and all other property tax on the basis of 90.2798% to SBCFPD and 9.7202% to the City, with said Revenue Sharing Agreement to be effective from the date of implementation of the agreement through such time as the Negotiated Pass-Through Agreements have expired; and
- (d) At the expiration of the Negotiated Pass-Through Agreements, Exhibit "A" of the Property Tax Transfer Resolutions will be permanently reinstated. The parties agree to cooperate and take all action to ensure that the Property Tax Transfer Resolutions are operational and in full force and effect.

Section 6. *Notice.* Any notice to be given pursuant to this Agreement shall be deemed fully given when made in writing and served personally, or by facsimile transmission, or deposited in the United States mail, postage prepaid and addressed as follows:

If to the City: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

If to the District: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

If to the SBCFPD: Fire Chief/Fire Warden
San Bernardino County Fire Protection District
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0451

If to the County: Deputy Executive Officer/Fire
385 N. Arrowhead, 4th Floor
San Bernardino, CA 92415-0120

Section 7. Amendments and Modifications. The Parties agree that any alterations, amendments or modifications of the provisions of this Agreement shall be valid only when reduced to writing, executed and approved by the persons authorized to do so on behalf of each of the Parties, provided that any amendment to this Agreement that alters the property tax distribution shall not be valid without the consent of LAFCO. LAFCO retains its sole and unfettered discretion as to any consent required hereby.

Section 8. Counterpart Signatures Allowed. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.

CITY OF HESPERIA

By: _____
Bill Holland, Mayor Pro Tem
Date: _____

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: _____
Eric L. Dunn, City Attorney

HESPERIA FIRE PROTECTION DISTRICT

By: _____
Bill Holland, Vice Chair
Date: _____

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: _____
Eric L. Dunn, City Attorney

SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT

By: _____
Robert Lovingood, Chairman
Date: _____

APPROVED AS TO FORM:

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

By: _____
Michelle Blakemore, County Counsel

COUNTY OF SAN BERNARDINO

By: _____
Robert Lovingood, Chairman
Date: _____

APPROVED AS TO FORM:
COUNTY OF SAN BERNARDINO

By: _____
Michelle Blakemore, County Counsel

**ACKNOWLEDGED AS TO THE DIRECTIONS CONTAINED IN SECTIONS 3 AND 5
OF THE AGREEMENT.**

SAN BERNARDINO COUNTY AUDITOR-
CONTROLLER/TREASURER/TAX COLLECTOR

By: _____
Oscar Valdez, Auditor-Controller/
Treasurer/Tax Controller
Date: _____

ATTACHMENT C-1

CAPITAL FACILITIES AGREEMENT AND AGREEMENT FOR
REIMBURSEMENT OF TAX INCREMENT FUNDS
DATED JULY 15, 1993

[Attached behind this page]

CAPITAL FACILITIES AGREEMENT AND AGREEMENT
FOR REIMBURSEMENT OF TAX INCREMENT FUNDS

Hesperia Redevelopment Project

THIS CAPITAL FACILITIES AGREEMENT AND AGREEMENT FOR REIMBURSEMENT OF TAX INCREMENT FUNDS (the "Agreement") is made and entered into this 15th day of July, 1993, by and between THE CITY OF HESPERIA COMMUNITY REDEVELOPMENT AGENCY ("Agency") and HESPERIA FIRE PROTECTION DISTRICT ("District").

RECITALS

A. Agency is proposing, and the City Council of the City of Hesperia is considering adoption of an ordinance approving the Redevelopment Plan for Hesperia Redevelopment Project (the "Plan") pursuant to the California Community Redevelopment Law ("CRL") (Health and Safety Code Section 33000, et seq.), which Plan delineates a project area (the "Project Area").

B. The Plan includes provisions authorizing the allocation to Agency of property taxes levied each year on the increase in the assessed valuation of property within the Project Area above the sum of the assessed values for the Project Area as shown on the 1992-1993 assessment roll.

C. The Project Area is located within District boundaries and is served by District.

D. District is an affected taxing entity, as defined in Section 33353.2 of the Health and Safety Code, and has ad valorem property taxes levied on its behalf by the County of San

Bernardino ("County") on certain areas that comprise portions of the Project Area.

E. District has taken the position with Agency that, by virtue of its tax allocation provisions, the Plan will result in a "financial burden or detriment" to District within the meaning of Section 33012 of the California Health and Safety Code and that the Plan will increase the need for additional District capital facilities. The Agency has found and determined that it is appropriate to address the financial impact of the Plan on District and the District's capital needs.

F. The CRL expressly authorizes and enables Agency to assist District financially to address the financial burden or detriment caused to District by the Plan. Agency is authorized by Health and Safety Code Section 33401 to compensate affected taxing entities, including District, by paying to such taxing entities any amount of money which Agency determines is appropriate to alleviate any financial burden or detriment to such taxing entities caused by its implementation of the Plan. The CRL also expressly authorizes and enables Agency to assist District by funding District's capital improvement needs. Section 33445 of the Health and Safety Code authorizes the Agency to expend property tax increment to fund capital improvements and facilities which are publicly owned which are inside or outside the Project Area and of benefit to such Project Area, including funding the capital improvements of other public agencies such as District.

G. Agency and District are authorized by Health and Safety Code Section 33676 to enter into an agreement providing for District's receipt of certain tax increments. The purpose of this Agreement is to provide for appropriate payments to be made by Agency to District pursuant to Health and Safety Code Section 33401 in order to alleviate financial burden or detriment caused to District by the tax allocation provisions of the Plan, to provide District with financial assistance to address District's capital facilities needs, and to set forth an agreement in lieu of the District's election under Health and Safety Code Section 33676.

H. By entering into this Agreement, Agency finds and determines (i) the payments to District as set forth in this Agreement are necessary to alleviate financial burden or detriment caused to District by the Plan, and (ii) District's capital facilities funded in whole or in part by Agency are of benefit to the Project Area and there are no other reasonable means of financing such facilities and improvements available to the community.

I. District and Agency desire to resolve and settle all differences with respect to adoption of the Plan. In consideration of Agency's obligations as set forth in this Agreement, District has agreed to waive any and all claims, demands, and disputes with Agency and City arising from the adoption of the Plan.

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises and covenants set forth herein, the parties agree as follows:

COVENANTS

1. Recitals Incorporated. The above Recitals are incorporated herein and made a part of this Agreement.
2. Definitions. The words and terms used in this Agreement shall have the following meanings:
 - a. "Agency" shall mean the City of Hesperia Community Redevelopment Agency.
 - b. "City" shall mean the City of Hesperia.
 - c. "Community Redevelopment Law" shall mean Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code.
 - d. "District" shall mean the Hesperia Fire Protection District.
 - e. "District Share" shall mean that portion of the Property Tax Increment allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b) the District would have received as determined by application of the tax rate levied on behalf of District in the Project Area, but for adoption of the Plan.
 - f. "Fiscal Year" shall mean the period from July 1 to and including the following June 30.

g. "Plan" shall mean the Redevelopment Plan for the Hesperia Redevelopment Project, approved and adopted by the City Council of City.

h. "Project Area" shall mean the Project Area identified in the Plan, the redevelopment of which is necessary for the public purposes of the California Community Redevelopment Law.

i. "Property Tax Increment" shall mean the full amount of property tax revenues generated from within the Project Area that are allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b), which amounts are attributable to increases in assessed valuation above the valuation shown on the 1992-93 assessment roll, plus any identifiable California state legislative supplements to or substitutes for ad valorem property taxes which are paid to Agency during the term of this Agreement. Not by way of limitation of the foregoing, Property Tax Increment shall include (i) payments made to District and other affected taxing entities, whether such payments are made by Agency or directly by the County of San Bernardino, and (ii) funds set aside or expended by Agency pursuant to Health and Safety Code Section 33334.2 or successor statute.

3. Agency Payment of District Share. For each Fiscal Year during and after the life of the Plan, the Agency is allocated Property Tax Increment for any purpose, Agency shall pay District fifty percent (50%) of the District share, less the portion of such District Share the Agency is required to set

aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2, said low and moderate income housing set aside reduction being subject to the following additional conditions:

a. The maximum portion Agency may deduct from the District Share for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall not be greater than an amount equal to the product obtained by multiplying the minimum set-aside percentage stated in Section 33334.2 [which as of the Effective Date of this Agreement is twenty percent (20%)] times the District Share;

b. No deduction for the low and moderate income housing set-aside from the District Share shall occur in any Fiscal Year the Agency fails to set aside funds into the Low and Moderate Income Housing Fund;

c. The deduction for the low and moderate income housing set-aside from the District Share shall be adjusted proportionately should Agency place less than the minimum percentage of Property Tax Increment into the Low and Moderate Income Housing Fund; and

d. In the event State law is changed, either by State Legislative enactment, applicable trial court decision, or appellate opinion, to eliminate the set-aside for low and moderate income housing as applicable to the District Share (e.g., a change from calculating the set-aside on Agency's "gross" Property Tax Increment to calculating the set aside on

Agency's "net" Property Tax Increment), Agency shall not thereafter deduct the low and moderate income housing set-aside amount from the District Share.

Agency shall pay the District Share to District within ten (10) days of Agency's receipt of Property Tax Increment.

4. Agency Indebtedness. Agency's obligations hereunder to make payments for the benefit of District constitute an indebtedness of Agency within the meaning of California Health and Safety Code Section 33670(b).

5. That portion of the District Share retained by Agency, less the portion thereof which Agency is required to set aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall be expended as follows:

a. One-half thereof, or an amount of bond proceeds proportionate to said one-half, shall be applied to provide capital facilities, furnished or unfurnished, for District's use; and

b. One-half thereof shall be applied to defray any valid Agency debt at Agency's discretion.

6. Books and Records. Each party shall, within thirty (30) days after receipt of written request from the other, make available to the other for review or audit its books and records regarding the payments and expenditures referenced in this Agreement.

7. Agreement in Lieu of District Election Under Section 33676. The parties hereto into that this Agreement shall be in lieu of any payments which otherwise would be paid to District from the Project Area pursuant to Health and Safety Code Section 33676(a).

8. Covenant Not to Sue; Miscellaneous Matters Relating to Litigation. District hereby waives any and all causes of action, cases, claims, counts, actions and/or complaints related to, and agrees not to challenge, the validity of the Plan, or the ordinance adopting the Plan and/or the validity, on the grounds of the invalidity of the Plan, of bonds to finance or refinance in whole or in part the Plan, including, without limiting the generality of the foregoing, the legality and validity of all proceedings heretofore taken or in any way connected with the designation of the survey area, the Project Area, the formulation of the Preliminary Plan, the adoption of the Plan, and the formulation and certification of the Environmental Impact Report and other environmental documents for the Plan. District acknowledges it is familiar with Section 1542 of the Civil Code of the State of California, which provides:

"A general release does not extend to claims a creditor does not now or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

District hereby waives and relinquishes any rights and benefits which it may have under Section 1542 of the Civil Code of the State of California to the full extent that District may lawfully waive such rights. By agreeing to the provisions of this Paragraph 8, District does not waive the right to dispute the validity of any future amendments to the Plan or the adequacy of any environmental documents related to any such future amendments to the Plan, and/or the right to challenge any illegal implementation of the Plan.

9. City and Agency Obligations. City shall have no financial obligation or liability by virtue of or pursuant to this Agreement. Agency shall have no financial obligation or liability by virtue of or pursuant to this Agreement except for payments solely from Property Tax Increment allocated to and received by Agency as set forth in this Agreement.

10. Repeal of Section 33676(b) Resolutions. Within sixty (60) days of executing this Agreement, District shall, pursuant to Health and Safety Code Section 33676(c), repeal any resolution it has adopted pursuant to Health and Safety Code Section 33676(b) regarding the Plan.

11. Severability. In the event any section or portion of this Agreement shall be held, found, or determined to be unenforceable or invalid for any reason whatsoever, the remaining provisions shall remain in effect, and the parties hereto shall take further actions as may be reasonably necessary and available

to them to effectuate the intent of the parties as to all provisions set forth in this Agreement.

12. Default. Except to the extent required by law, failure or delay by any party to perform any term or obligation of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction, or remedy within thirty (30) days. For such defaults or delays that cannot be cured, corrected, or remedied within thirty (30) days, the defaulting or delaying party shall commence to cure, correct, or remedy the failure or delay within thirty (30) days and shall diligently prosecute such cure, correction, or remedy to completion within a reasonable period of time after commencement. If the failure or delay is not cured, corrected, or remedied within the required period of time, the defaulting party shall be liable for any damages caused by such default and the nondefaulting party may thereafter commence an action for damages with respect to such default or for specific performance of this Agreement. Prior to a failure or delay being deemed a default hereunder or the period to cure, correct, or remedy being deemed to have commenced, the nondefaulting party shall serve the defaulting party with notice of default; provided, however, that District shall not be required to provide Agency with any notice of any failure or delay by Agency in transmitting the District Share to District.

13. Notices. All notices required by this Agreement or by law shall be in writing and delivered by personal delivery, by United States mail, prepaid, certified, return receipt requested, or by a reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by document delivery shall be effective upon receipt. Notices sent by United States mail shall be effective on the second business day following deposit.

Notices shall be addressed to:

If to Agency: City of Hesperia Community
Redevelopment Agency
15776 Main Street
Hesperia, California 92345
Attention: Executive Director

If to District: Hesperia Fire Protection District
17288 Olive Street
Post Office Box 400049
Hesperia, California 92345
Attention: District Administrator

14. Attorney's Fees. In the event of any dispute between the parties hereto arising out of or connected to this Agreement, the prevailing party in such litigation shall be entitled, in addition to whatever other relief the Court may grant, to reasonable attorney's fees and costs. Reasonable attorney's fees and costs shall accrue on the date of filing of such litigation and shall include attorney's fees and costs incurred in discovery and on appeal.

15. Time of Essence. Time is of the essence in the performance of this Agreement.

16. Governing Law; Forum. This Agreement shall be governed by, and construed under, the laws of the State of California. The parties agree that the Municipal and Superior Courts of the State of California in and for the County of San Bernardino shall have exclusive jurisdiction of any litigation between the parties hereto arising out or connected to this Agreement.

17. Further Assurances. Agency and District each agree, without further consideration, to execute such other and further documents, and to perform such other and further acts, as may be necessary or proper in order to consummate the transactions set forth in and contemplated by this Agreement.

18. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties and supersedes all previous negotiations between them pertaining to the subject matter hereof. It is the intent of Agency and District that the payment herein provided constitute a full, complete, fair, and equitable adjustment for all financial and other impacts which have or may result to District during the term of the Plan. This Agreement shall remain in effect during the entire term of the Plan, and to the extent necessary to carry out its provisions any period beyond the expiration of the Plan during which Agency is allocated Property Tax Increment. This Agreement shall not be changed or modified except by written agreement of the parties.

19. Tax Increment Limit. Amounts paid by Agency to District pursuant to this Agreement shall not count against the limit on the total number of dollars to be allocated as Property Tax Increment to Agency under the Plan.

IN WITNESS WHEREOF, Agency and District have entered into this Agreement as of the date first above written.

"Agency"

CITY OF HESPERIA COMMUNITY
REDEVELOPMENT AGENCY

By: Michael J. Longino
Chairman

ATTEST:

By: Margaret A. Vall
Secretary

APPROVED AS TO FORM:

By: James L. Matheson
Agency Counsel

"District"

HESPERIA FIRE PROTECTION DISTRICT

By: Michael J. Longino
Chairman

ATTACHMENT C-2

CAPITAL FACILITIES AGREEMENT AND AGREEMENT FOR
REIMBURSEMENT OF TAX INCREMENT FUNDS
DATED DECEMBER 29, 1993

[Attached behind this page]

ATTACHMENT 2 TO EXHIBIT "C"

**CAPITAL FACILITIES AGREEMENT AND AGREEMENT
FOR REIMBURSEMENT OF TAX INCREMENT FUNDS**

HESPERIA COMMUNITY REDEVELOPMENT AGENCY

THIS CAPITAL FACILITIES AGREEMENT AND AGREEMENT FOR REIMBURSEMENT OF TAX INCREMENT FUNDS (the "Agreement") is made and entered into this 29th day of December, 1993, by and between THE CITY OF HESPERIA COMMUNITY REDEVELOPMENT AGENCY ("Agency") and HESPERIA FIRE PROTECTION DISTRICT ("District").

Recitals

A. Agency is proposing, and the City Council of the City of Hesperia is considering, adoption of an ordinance approving the Redevelopment Plan for Hesperia Redevelopment - Project Area #2 (the "Plan") pursuant to the California Community Redevelopment Law ("CRL") (Health and Safety Code Section 33000, et seq.), which Plan delineates project area #2 (the "Project Area").

B. The Plan includes provisions authorizing the allocation to Agency of property taxes levied each year on the increase in the assessed valuation of property within the Project Area above the sum of the assessed values for the Project Area as shown on the 1993-1994 assessment roll.

C. The Project Area is located within District boundaries and is served by District.

D. District is an affected taxing entity, as defined in Section 33353.2 of the Health and Safety Code, and has ad valorem property taxes levied on its behalf by the County of San Bernardino ("County") on certain areas that comprise portions of the Project Area.

E. District has taken the position with Agency that, by virtue of its tax allocation provisions, the Plan will result in a "financial burden or detriment" to District within the meaning of Section 33012 of the California Health and Safety Code and that the Plan will increase the need for additional District capital facilities. The Agency has found and determined that it is appropriate to address the financial impact of the Plan on District and the District's capital needs.

F. The CRL expressly authorizes and enables Agency to assist District financially to address the financial burden or detriment caused to District by the Plan. Agency is authorized by Health and Safety Code Section 33401 to compensate affected taxing entities, including District, by paying to such taxing entities any amount of money which Agency determines is appropriate to alleviate any financial burden or detriment to such taxing entities caused by its implementation of the Plan.

The CRL also expressly authorizes and enables Agency to assist District by funding District's capital improvement needs. Section 33445 of the Health and Safety Code authorizes the Agency to expend property tax increment to fund capital improvements and facilities which are publicly owned which are inside or outside the Project Area and of benefit to such Project Area, including funding the capital improvements of other public agencies such as District.

G. Agency and District are authorized by Health and Safety Code Section 33676 to enter into an agreement providing for District's receipt of certain tax increments. The purpose of this Agreement is to provide for appropriate payments to be made by Agency to District pursuant to Health and Safety Code Section 33401 in order to alleviate financial burden or detriment caused to District by the tax allocation provisions of the Plan, to provide District with financial assistance to address District's capital facilities needs, and to set forth an agreement in lieu of the District's election under Health and Safety Code Section 33676.

H. By entering into this Agreement, Agency finds and determines (i) the payments to District as set forth in this Agreement are necessary to alleviate financial burden or detriment caused to District by the Plan, and (ii) District's capital facilities funded in whole or in part by Agency are of benefit to the Project Area and there are no other reasonable means of financing such facilities and improvements available to the community.

I. District and Agency desire to resolve and settle all differences with respect to adoption of the Plan. In consideration of Agency's obligations as set forth in this Agreement, District has agreed to waive any and all claims, demands, and disputes with Agency and City arising from the adoption of the Plan.

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises and covenants set forth herein, the parties agree as follows:

Covenants:

1. Recitals Incorporated. The above Recitals are incorporated herein and made a part of this Agreement.

2. Definitions. The words and terms used in this Agreement shall have the following meanings:

a. "Agency" shall mean the City of Hesperia Community Redevelopment Agency.

b. "City" shall mean the City of Hesperia.

c. "Community Redevelopment Law" shall mean Part 1 of Division 24 (commencing with Section 33000) of the California Health and Safety Code.

d. "District" shall mean the Hesperia Recreation and Park District.

e. "District Share" shall mean that portion of the Property Tax Increment allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b) the District would have received as determined by application of the tax rate levied on behalf of District in the Project Area, but for adoption of the Plan.

f. "Fiscal Year" shall mean the period from July 1 to and including the following June 30.

g. "Plan" shall mean the Redevelopment Plan for the Hesperia Redevelopment Project, approved and adopted by the City Council of the City.

h. "Project Area" shall mean the Project Area identified in the Plan, the redevelopment of which is necessary for the public purposes of the California Community Redevelopment Law.

i. "Property Tax Increment" shall mean the full amount of property tax revenues generated from within the Project Area that are allocated to and paid to Agency pursuant to Health and Safety Code Section 33670(b), which amounts are attributable to increases in assessed valuation above the valuation shown on the 1993-1994 assessment roll, plus any identifiable California State Legislative supplements to or substitutes for ad valorem property taxes which are paid to Agency during the term of this Agreement. Not by way of limitation of the foregoing, Property Tax Increment shall include (i) payments made to District and other affected taxing entities, whether such payments are made by Agency or directly by the County of San Bernardino, and (ii) funds set aside or expended by Agency pursuant to Health and Safety Code Section 33334.2 or successor statute.

3. Agency Payment of District Share. For each Fiscal Year during and after the life of the Plan, the Agency is allocated Property Tax Increment for any purpose, Agency shall pay District fifty percent (50%) of the District Share, less only the portion of such District Share the Agency is required to set aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2, said low and moderate income housing set aside reduction subject to the following additional conditions:

a. the maximum portion Agency may deduct from the District Share for low and moderate income housing purposes

pursuant to Health and Safety Code Section 33334.2 shall not be greater than an amount equal to the product obtained by multiplying the minimum set-aside percentage stated in Section 33334.2 (which as of the Effective Date of this Agreement is twenty percent (20%)) times the District Share;

b. no deduction for the low and moderate income housing set-aside from the District Share shall occur in any fiscal year the Agency fails to set aside funds into the Low and Moderate Income Housing Fund;

c. the deduction for the low and moderate income housing set-aside from the District Share shall be adjusted proportionately should Agency place less than the minimum percentages of Property Tax Increment into the Low and Moderate Income Housing Fund; and

d. in the event State law is changed, either by State Legislative enactment, applicable trial court decision, or appellate opinion, to eliminate the set-aside for low and moderate income housing as applicable to the District Share (e.g., a change from calculating the set aside on Agency's "gross" Property Tax Increment to calculating the set aside on Agency's "net" Property Tax Increment), Agency shall not thereafter deduct the low and moderate income housing set aside amount from the District Share.

Agency shall pay the District Share to District within ten (10) days of Agency's receipt of Property Tax Increment.

4. Agency Indebtedness. Agency's obligation hereunder to make payment for the benefit of District constitutes an indebtedness of Agency within the meaning of California Health and Safety Code Section 33670(b).

5. That portion of the District Share retained by Agency, less the portion thereof which Agency is required to set aside for low and moderate income housing purposes pursuant to Health and Safety Code Section 33334.2 shall be expended as follows:

a. One-half thereof, or an amount of bond proceeds proportionate to said one-half, shall be applied to provide capital facilities, furnished or unfurnished, for District's use; and

b. One-half thereof shall be applied to defray any valid Agency debt at Agency's discretion.

6. Books and Records. Each party shall, within thirty (30) days after receipt of written request from the other, make available to the other for review or audit its books and records regarding the payments and expenditures referenced in this Agreement.

7. Agreement in Lieu of District Election Under Section 33676. The parties hereto intend that this Agreement shall be in lieu of any payments which otherwise would be paid to District from the Project Area pursuant to Health and Safety Code Section 33676(a).

8. Covenant Not to Sue; Miscellaneous Matters Relating to Litigation. District hereby waives any and all causes of action, cases, claims, counts, actions, and/or complaints related to, and agrees not to challenge, the validity of the Plan, or the ordinance adopting the Plan and/or the validity, on the grounds of the invalidity of the Plan, of bonds to finance or refinance in whole or in part the Plan, including without limiting the generality of the foregoing, the legality and validity of all proceedings heretofore taken or in any way connected with the designation of the survey area, the Project Area, the formulation of the Preliminary Plan, the adoption of the Plan, and the formulation and certification of the Environmental Impact Report and other environmental documents for the Plan. District acknowledges it is familiar with Section 1542 of the Civil Code of the State of California, which provides:

"A general release does not extend to claim a creditor does not know or suspect to exist in his favor at the time of executing the release which if known by him must have materially affected his settlement with the debtor."

District hereby waives and relinquishes any rights and benefits which it may have under Section 1542 of the Civil Code of the State of California to the full extent that District may lawfully waive such rights. By agreeing to the provisions of this Paragraph 8, District does not waive the right to dispute the validity of any future amendments to the Plan or the adequacy of any environmental documents related to any such future amendments to the Plan, and/or the right to challenge any illegal implementation of the Plan.

9. City and Agency Obligations. City shall have no financial obligation or liability by virtue of or pursuant to this Agreement. Agency shall have no financial obligation or liability by virtue of or pursuant to this Agreement except for payments solely from Property Tax Increment allocated to and received by Agency as set forth in this Agreement.

10. Repeal of Section 33676(b) Resolutions. Within sixty (60) days of executing this Agreement, District shall, pursuant to Health and Safety Code Section 33676(c), repeal any resolution it has adopted pursuant to Health and Safety Code Section 33676(b) regarding the Plan.

11. Severability. In the event any section or portion of this Agreement shall be held, found, or determined to be

unenforceable or invalid for any reason whatsoever, the remaining provisions shall remain in effect, and the parties hereto shall take further actions as may be reasonably necessary and available to them to effectuate the intent of the parties as to all provisions set forth in this Agreement.

12. Default. Except to the extent required by law, failure or delay by any party to perform any term or obligation of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, corrections, or remedy within thirty (30) days. For such defaults or delays that cannot be cured, corrected, or remedied within thirty (30) days, the defaulting or delaying party shall commence to cure, correct, or remedy the failure or delay within thirty (30) days and shall diligently prosecute such cure, correction, or remedy to completion within a reasonable period of time after commencement. If the failure or delay is not cured, corrected, or remedied within the required period of time, the defaulting party shall be liable for any damages caused by such default and the non-defaulting party may thereafter commence an action for damages with respect to such default or for specific performance of this Agreement. Prior to a failure or delay being deemed a default hereunder or the period to cure, correct, or remedy being deemed to have commenced, the non-defaulting party shall serve the defaulting party with notice of default; provided, however, that District shall not be required to provide Agency with any notice of any failure or delay by Agency in transmitting the District Share to District.

13. Notices. All notices required by this Agreement or by law shall be in writing and delivered by personal delivery, by United States mail, prepaid, certified, return receipt requested, or by a reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by document delivery shall be effective upon receipt. Notices sent by United States mail shall be effective on the second business day following deposit. Notices shall be addressed to:

If to Agency: City of Hesperia Community
Redevelopment Agency
15776 Main Street
Hesperia, CA 92345
Attn: Executive Director

If to District: Hesperia Fire Protection District
17288 Olive Street
Post Office Box 400049
Hesperia, CA 92345
Attn: District Administrator

14. Attorney's Fees. In the event of any dispute between the parties hereto arising out of or connected to this Agreement, the prevailing party in such litigation shall be entitled, in addition to whatever other relief the court may grant, to reasonable attorney's fees and costs. Reasonable attorney's fees and costs shall accrue on the date of filing of such litigation and shall include attorney's fees and costs incurred in discovery and on appeal.

15. Time of Essence. Time is of the essence in the performance of the terms of this Agreement.

16. Governing Law; Forum. This Agreement shall be governed by, and construed under, the laws of the State of California. The parties agree that the Municipal and Superior Courts of the State of California in and for the County of San Bernardino shall have exclusive jurisdiction of any litigation between the parties hereto arising out of or connected to this Agreement.

17. Further Assurances. Agency and District each agree, without further consideration, to execute such other and further documents, and to perform such other and further acts, as may be necessary or proper in order to consummate the transactions set forth in and contemplated by this Agreement.

18. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the parties and supersedes all previous negotiations between them pertaining to the subject matter hereof. It is the intent of Agency and District that the payment herein provided constitutes a full, complete, fair, and equitable adjustment for all financial and other impacts which have or may result to District during the term of the Plan. This Agreement shall remain in effect during the entire term of the Plan, and to the extent necessary to carry out its provisions any period beyond the expiration of the Plan during which Agency is allocated Property Tax Increment. This Agreement shall not be changed or modified except by written agreement of the parties.

19. Tax Increment Limit. Amounts paid by Agency to District pursuant to this Agreement shall not count against the limit on the total number of dollars to be allocated as Property Tax Increment to Agency under the Plan.

IN WITNESS WHEREOF, Agency and District have entered into this Agreement as of the date first above written.

"Agency"

CITY OF HESPERIA
COMMUNITY REDEVELOPMENT AGENCY

By: Michael J. Longignaro
Chairman

ATTEST:

By: Margaret J. Vall
Secretary

APPROVED AS TO FORM:

By: James T. Hankinson
Agency Counsel

"District"

HESPERIA FIRE PROTECTION DISTRICT

By: Michael J. Longignaro
Chairman

ATTACHMENT 3 TO EXHIBIT "C"

RESOLUTION NO.

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, DETERMINING THE AMOUNT OF PROPERTY TAX REVENUES TO BE EXCHANGED AMONG THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE AND THE CITY OF HESPERIA, RESULTING FROM THE JURISDICTIONAL CHANGE DESCRIBED BY LAFCO 3218 ENCOMPASSING THE JURISDICTIONAL BOUNDARIES OF THE HESPERIA FIRE PROTECTION DISTRICT

On Tuesday March 20, 2018 on motion of Supervisor _____, duly seconded by Supervisor _____ and carried, the following resolution is adopted by the Board of Supervisors of San Bernardino County, State of California.

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

- A. Pursuant to Section 99 of the Revenue and Taxation Code, prior to the issuance of a Certificate of Filing by the Local Agency Formation Commission Executive Officer, the governing bodies of all local agencies whose service responsibilities will be altered by change of organization shall negotiate and determine by resolution the amount of property tax revenues to be exchanged among such local agencies.
- B. Except as provided in Section 99.1 of the Revenue and Taxation Code, in the event that a jurisdictional change would affect the service area or service responsibility of one or more special districts, the Board of Supervisors shall, on behalf of all special districts, negotiate any exchange of property tax revenues.
- C. The Board of Supervisors of the County of San Bernardino and the City of Hesperia have determined the amount of property tax revenues to be exchanged as a result of the following jurisdictional change:

LOCAL AGENCY FORMATION COMMISSION 3218 – REORGANIZATION TO INCLUDE ANNEXATIONS TO SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE, AND THE DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND AMBULANCE FROM THE HESPERIA FIRE PROTECTION DISTRICT

- D. This jurisdictional change will affect the following "Negotiated Pass-Through Agreements" between the City of Hesperia Community Redevelopment Agency and the Hesperia Fire Protection District: (a) "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated July 15, 1993 (Attachment 1 to Exhibit "C" hereto); and (b) the "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated December 29, 1993 (Attachment 2 to Exhibit "C" hereto).
- E. It is necessary that the attached Pass-Through Revenue Sharing Agreement (Exhibit "C" hereto) shall be approved by the City of Hesperia (City), the Hesperia Fire Protection District (District), the San Bernardino County Fire Protection District (SBCFPD) and the County of San Bernardino (County) in order to maintain the current pass-through revenue stream to the District for the Negotiated Pass-Through Agreements between the District and the Hesperia Community Redevelopment Agency.
- F. It may be necessary to temporarily discontinue the transfer of property tax revenues to SBCFPD and the City from the District if, the Pass-Through Revenue Sharing Agreement cannot be

implemented or enforced as a result of a final court judgement, state law or regulation change, state action or any action or proceeding by a third party that affects the Pass-Through Revenue Sharing Agreement, until the Negotiated Pass-Through Agreements have expired.

SECTION 2. The Board of Supervisors of the County of San Bernardino hereby resolves and orders that:

- A. The negotiated exchange of property tax revenue among the District, City, SBCFPD and its North Desert Service Zone, attached hereto as Exhibit "A" and incorporated herein by reference, resulting from the above described jurisdictional change(s), is hereby accepted.
- B. The Pass-Through Revenue Sharing Agreement attached hereto as Exhibit "C" and the Revenue Sharing Agreement attached hereto as Exhibit "D" are hereby approved, subject to the filing of the Certificate of Completion for LAFCO 3218. The Revenue Sharing Agreement shall only be implemented if one or more of the triggers identified in Section 5 of the Pass-Through Revenue Sharing Agreement occur. If the Certificate of Completion is not filed by LAFCO, both agreements automatically terminate.
- C. If the County Auditor-Controller/Treasurer/Tax Collector notifies the County Chief Executive Officer that the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced as described in (F) above, the County Chief Executive Officer, upon receipt of such notice and in consultation with County Counsel, shall provide notice to the City, the District, and the SBCFPD that the Pass-Through Revenue Sharing Agreement has terminated and the Revenue Sharing Agreement is being implemented. The Revenue Sharing Agreement will temporarily implement the property tax revenue exchange in Exhibit "B" to this Resolution. The property tax revenue exchange identified in Exhibit "A" will be permanently reinstated when the Negotiated Pass-Through Agreements have expired.
- D. The annual tax increment generated in the area subject to the jurisdictional change and attributable to the local agencies whose service area or service responsibilities will be altered by the proposed jurisdictional change shall be allocated in future years pursuant to the provisions of Section 98 of the Revenue and Taxation Code.

SECTION 3. The Clerk of the Board of Supervisors is hereby directed to certify the passage of this resolution and to cause a certified copy to be sent to the Executive Officer of the Local Agency Formation Commission of the County of San Bernardino.

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

AYES: SUPERVISORS:

NOES: SUPERVISORS:

ABSENT: SUPERVISORS:

* * * * *

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

I, **LAURA H. WELCH**, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of March 20, 2018.

LAURA H. WELCH
Clerk of the Board of Supervisors

By _____
Deputy

EXHIBIT "D"

REVENUE SHARING AGREEMENT

[Attached behind this page]

Exhibit "D"

REVENUE SHARING AGREEMENT

AMONG THE CITY OF HESPERIA, THE HESPERIA FIRE PROTECTION DISTRICT, THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND THE COUNTY OF SAN BERNARDINO FOR THE PURPOSES OF PARTIALLY FUNDING FIRE AND RELATED SERVICES AND THE UNFUNDED RETIREMENT OBLIGATIONS RELATED TO THE HESPERIA FIRE PROTECTION DISTRICT AS WELL AS OTHER CITY COSTS.

WHEREAS, the Hesperia Fire Protection District ("District") and the San Bernardino County Fire Protection District ("SBCFPD") have jointly initiated an application to the Local Agency Formation Commission ("LAFCO") for reorganization to annex the area within the District into the SBCFPD for the provision of fire and related services ("Reorganization"); and

WHEREAS, pursuant to the Reorganization, the County of San Bernardino ("County") adopted Property Tax Transfer Resolution____ dated March 20, 2018 (Attachment 3 to the Pass-Through Revenue Sharing Agreement), and the City of Hesperia ("City") adopted Property Tax Transfer Resolution____ dated March 20, 2018 (Attachment 4 to the Pass-Through Revenue Sharing Agreement). The Property Tax Transfer Resolutions transfer 90.2798% of the District's share of property tax revenue to SBCFPD and 9.7202 % of the District's share of property tax revenue to the City. In addition, the parties entered into a Pass-Through Revenue Sharing Agreement dated March 20, 2018 (Exhibit "C" of the Property Tax Transfer Resolutions), whereby 90.2798% of the District's share of Pass-Through Agreement Revenues would also be transferred to SBCFPD and 9.7202% of the District's share of Pass-Through Agreement Revenues would be transferred to City.

WHEREAS, both the Property Tax Transfer Resolutions and the Pass-Through Revenue Sharing Agreement provide that in the event that the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced, Exhibit "B" of the Property Tax Transfer Resolutions and Exhibit "D" of the Property Tax Transfer Resolutions (this Agreement) would be implemented through the expiration of the Negotiated Pass-Through Agreements, and the Pass-Through Revenue Sharing Agreement would be terminated without further action on the part of the parties; and

WHEREAS, the parties agree that the change in implementation of the Property Tax Transfer Resolutions and termination of the Pass-Through Revenue Sharing Agreement requires a new agreement for the funding of the fire and related services, the unfunded retirement obligations related to the Hesperia Fire Protection District as well as other City costs; and

WHEREAS, the parties desire to address the issues of funding for the unfunded District retirement liability as well as other City costs and funding of fire protection services for the area annexed into SBCFPD from the District pursuant to the Reorganization in the event of the inability to implement the Pass-Through Revenue Sharing Agreement; and

WHEREAS, the City and the District will have executed an agreement prior to the filing of the Certificate of Completion for the Reorganization that provides for the City's assumption of liability for the CalPERS obligations of the District, including, but not limited to, timely payment of annual employer contributions to CalPERS required of the District and any withdrawal liability assessed as a result of the voluntary or involuntary termination of the District's contract for pensions with CalPERS. The agreement will also state that the City's assumption of liability continues until all the District's obligations to CalPERS have been fully satisfied; and

WHEREAS, SBCFPD has assumed full responsibility for fire and related services within District; and

WHEREAS, District agrees that it is required to pay for the services rendered by SBCFPD and City; and

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants and promises set forth below, and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Incorporation of Recitals. The recitals set forth above are true and correct and are incorporated herein.

Section 2. Definitions.

(a) "*Agreement*" refers to this "Revenue Sharing Agreement" (Exhibit "D" of the Property Tax Transfer Resolutions) among the City of Hesperia, the Hesperia Fire Protection District, the San Bernardino County Fire Protection District and the County of San Bernardino for the purposes of partially funding the fire and related services and the unfunded retirement obligations related to the Hesperia Fire Protection District as well as other City costs, together with the Recitals (and any Attachments), and shall constitute the complete and exclusive statement of understanding between the Parties which supersedes all previous agreements, written or oral, and all communications between the Parties relating to the subject matter of this Agreement.

(b) "*City*" refers to the City of Hesperia.

(c) "*County*" refers to the County of San Bernardino.

(d) "*District*" refers to the Hesperia Fire Protection District.

(e) "*LAFCO*" refers to the Local Agency Formation Commission.

(f) "*Negotiated Pass-Through Agreements*" refers to the negotiated pass-through agreements between the City of Hesperia Community Redevelopment Agency and the District as follows: (a) "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated July 15, 1993 (Attachment 1 to the Pass-Through Revenue Sharing Agreement); and (b) the "Capital Facilities Agreement and Agreement for Reimbursement of Tax Increment Funds" dated December 29, 1993 (Attachment 2 to the Pass-Through Revenue Sharing Agreement).

(g) “*Property Tax Transfer Resolutions*” refers collectively to the following: (a) the Resolution of the County accepting the transfer of property tax revenue from the District to the SBCFPD and City, which is adopted as a term and condition of the Reorganization (Attachment 3 to the Pass-Through Revenue Sharing Agreement); and (b) the Resolution of the City accepting the transfer of property tax revenue from the District to the SBCFPD and City which is adopted as a term and condition of the Reorganization (Attachment 4 to the Pass-Through Revenue Sharing Agreement).

(h) “*Reorganization*” refers to the LAFCO 3218 reorganization to include annexation to the SBCFPD, its North Desert Service Zone, and the divestiture of the functions of fire, emergency medical response and ambulance from the District.

(i) “*SBCFPD*” refers to the San Bernardino County Fire Protection District.

Section 3. Allocation Period. The parties hereto agree that if the Pass-Through Revenue Sharing Agreement cannot be implemented or enforced:

(a) Exhibit “B” of The Property Tax Transfer Resolutions shall be temporarily implemented until such time as the Negotiated Pass-Through Agreements have expired.

(b) The Pass-Through Revenue Sharing Agreement shall terminate upon the implementation of this Agreement;

(c) The County Chief Executive Officer, upon receipt of notice from the County Auditor-Controller/Treasurer/Tax Collector that one or more of the trigger events identified in Section 5 of the Pass-Through Revenue Agreement has occurred and upon consultation with County Counsel, shall provide notice to the City, the District and the SBCFPD that the Pass-Through Revenue Sharing Agreement has been terminated and this Agreement is being implemented;

(d) The District shall transfer all revenue received through base property tax, the Negotiated Pass-Through Agreements, residual distributions and any other property tax related revenue to SBCFPD and City on the basis of 90.2798% being transferred to SBCFPD and 9.7202% to the City. This Agreement shall remain in effect until such time as the Negotiated Pass-Through Agreements have expired.

(e) At the expiration of the Negotiated Pass-Through Agreements, Exhibit “A” of the Property Tax Transfer Resolutions shall be permanently reinstated. The parties agree to cooperate and take all action to ensure that the Property Tax Transfer Resolutions are operational and in full force and effect.

Section 4. Notice. Any notice to be given pursuant to this Agreement shall be deemed fully given when made in writing and served personally, or by facsimile transmission, or five days after deposit in the United States mail, postage prepaid and addressed as follows:

If to the City:	Office of the City Manager
	9700 Seventh Avenue

Hesperia, CA 92345
Attn: City Manager

If to the District: Office of the City Manager
9700 Seventh Avenue
Hesperia, CA 92345
Attn: City Manager

If to the SBCFPD: Fire Chief/Fire Warden
San Bernardino County Fire Protection District
157 West Fifth Street, Second Floor
San Bernardino, CA 92415-0451

If to the County: Deputy Executive Officer/Fire
385 N. Arrowhead, 4th Floor
San Bernardino, CA 92415-0120

Section 5. Amendments and Modifications. The Parties agree that any alterations, amendments or modifications of the provisions of this Agreement shall be valid only when reduced to writing, executed and approved by the persons authorized to do so on behalf of each of the Parties, provided that any amendments to this Agreement that alters the property tax distribution shall not be valid without the consent of LAFCO. LAFCO retains its sole and unfettered discretion as to any consent required hereby.

Section 6. Counterpart Signatures Allowed. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which when executed and delivered shall together constitute one and the same instrument.

CITY OF HESPERIA

By: _____
Bill Holland, Mayor Pro Tem
Date: _____

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: _____
Eric L. Dunn, City Attorney

HESPERIA FIRE PROTECTION DISTRICT

By: _____
Bill Holland, Vice Chair
Date: _____

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

By: _____
Eric L. Dunn, City Attorney

SAN BERNARDINO COUNTY FIRE
PROTECTION DISTRICT

By: _____
Robert A. Lovingood, Chairman
Date: _____

APPROVED AS TO FORM:

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

By: _____
Michelle Blakemore, County Counsel

COUNTY OF SAN BERNARDINO

By: _____
Robert A. Lovingood, Chairman
Date: _____

APPROVED AS TO FORM:
COUNTY OF SAN BERNARDINO

By: _____
Michelle Blakemore, County Counsel

**ACKNOWLEDGED AS TO THE DIRECTIONS CONTAINED IN SECTION 3 OF THE
AGREEMENT.**

SAN BERNARDINO COUNTY AUDITOR-
CONTROLLER/TREASURER/TAX COLLECTOR

By: _____
Oscar Valdez,
Auditor-Controller/Treasurer/Tax Collector
Date: _____

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF HESPERIA)

I, Melinda Sayre, City Clerk of the City of Hesperia, California, and Secretary to the Hesperia Fire Protection District, do hereby certify that Resolution Nos. 2018-20 and HFPD 2018-05 were duly adopted by the City Council of the City of Hesperia, California at a Regular Meeting thereof held on the 20th day of March, 2018 by the following vote to wit:

AYES: Blewett, Holland, Swanson, Bird, Russ

NOES: None

ABSTAIN: None

ABSENT: None



Melinda Sayre, City Clerk



I, _____, City Clerk of the City of Hesperia, California, and Secretary to the Hesperia Fire Protection District, do hereby certify that Resolution Nos. 2018-20 and HFPD 2018-05 are full, true and correct copies of that now on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Hesperia, California, this ____ day of _____, 20__.

Melinda Sayre, City Clerk



**Letter from John Chamberlin,
Deputy Chief of Administration,
Dated May 3, 2018 Related to
Property Tax Transfer
Implementation for Reserve Funding**

Attachment 6



SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

157 W 5th Street, 2nd Floor • San Bernardino, CA 92415-0451 • (909) 387-5974 • Fax (909) 387-5685

Administration
Headquarters
sbcfire.org

Mark A. Hartwig
Fire Chief/Fire Warden

Don Trapp
Deputy Chief

John Chamberlin
Deputy Chief

May 3, 2018

RECEIVED
2018 MAY -3 PM 3:23
LOCAL AGENCY
FORMATION COMMISSION

Kathleen Rollings-McDonald
Executive Director
San Bernardino County LAFCO
1170 W. 3rd St. Unit #150
San Bernardino, CA. 92415

RE: LAFCO #3218 Hesperia FPD Annexation/1993 pass through funds

Dear Mrs. McDonald:

In response to the question about pass through funding specifically being earmarked as CIP related and credited to the City of Hesperia "502" Capital fund, these funds will now be designated as the same type of appropriation through the San Bernardino County FPD North Desert Service Zone.

These funds will assist in meeting the need of the North Desert Service Zone directly attributed to serving the former Hesperia Fire Protection District as outlined in the plan for service and future operations.

Should you have any questions, please feel free to contact me at (909) 387-5975.

Respectfully,

John R. Chamberlin
Deputy Chief of Administration
San Bernardino County Fire Protection District

BOARD OF SUPERVISORS

Robert A. Lovingood
Chairman, First District

Janice Rutherford
Second District

James Ramos
Third District

Curt Hagman
Vice Chairman
Fourth District

Josie Gonzales
Fifth District

Dena Smith
Interim
Chief Executive Officer

**Letter Dated March 15, 2018
from John Chamberlin, Deputy
Chief of Administration, on
Financing Questions for Future
Operations of Hesperia FPD**

Attachment 7



SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

157 W 5th Street, 2nd Floor • San Bernardino, CA 92415-0451 • (909) 387-5974 • Fax (909) 387-5685

RECEIVED

2018 MAR 21 PM 1:54

LOCAL AGENCY
FORMATION COMMISSION

Administration
Headquarters
sbcfire.org

Mark A. Hartwig
Fire Chief/Fire Warden

Don Trapp
Deputy Chief

John Chamberlin
Deputy Chief

March 15, 2018

Kathleen Rollings-McDonald
LAFCO Executive Officer
1170 W. Third St. Suite #150
San Bernardino, CA. 92415-0490

Dear Mrs. Rollings-McDonald,

In response to your recent inquiry regarding LAFCO #3218, in particular your concerns about the 5-year financial forecast related to San Bernardino County Fire District, we submit the following information to assist in clarifying our beliefs that the annexation will be properly funded for the same service delivery model post annexation in a sustained manner.

- The current contractual arrangement between the City of Hesperia and the San Bernardino County Fire District does not require any General Fund obligation.
- The current contractual arrangement (MOU) between the County of San Bernardino and the San Bernardino County Fire District does not provide for any obligation to current services for the City of Hesperia.
- The City of Hesperia is transferring the "502 Fund," which is a capital replacement fund, valued at over \$5 million to the San Bernardino County Fire District upon the completion of annexation.
- There is no outlined debt service that will be encumbered by the San Bernardino County Fire District in this process.
- The San Bernardino County Fire District anticipates receiving additional Ground Emergency Medical Transportation revenues to offset losses in ambulance operations.
- The continued dissolution of the Redevelopment Development Agency will result in pass through to the San Bernardino County Fire District.
- The County of San Bernardino is projected to satisfy the "Pension Obligation Bonds" in the coming years that result in a significant reduction in costs per position.
- Senate Bill 523-Hernandez: "Medi-Cal Quality Assurance Fee" (signed into law 10/13/2017) will be enacted in July 2018, resulting in projected annual revenue of \$320,000, specific to the ambulance operations in the City of Hesperia.

BOARD OF DIRECTORS

Robert A. Lovingood
Chairman
First District

Janice Rutherford
Second District

James Ramos
Third District

Curt Hagman
Vice Chairman
Fourth District

Josie Gonzales
Fifth District

Gary McBride
Chief Executive Officer

Although each of these items provide for a margin of enhanced revenue, the San Bernardino County Fire District will continue to monitor expenditures with significant fiscal control measures to assure that the current levels of service are provided in a manner consistent to which the citizens of the City of Hesperia have become accustomed to.

Should you have any questions, please do not hesitate to contact me at (909) 387-5975.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Chamberlin', with a stylized, flowing script.

John Chamberlin
Deputy Chief of Administration
San Bernardino County Fire District

**Supplemental Data Related
to Administration of CFD
#94-01**

Attachment 8

City of Hesperia
MEMORANDUM



DATE: June 26, 2017

TO: Kathleen Rollings-McDonald, LAFCO-San Bernardino Executive Officer

FROM: Nils Bentsen, City Manager *NB*
Brian D. Johnson, Assistant City Manager-Management Services *BDJ*
George Pirsko, Senior Financial Analyst *GP*

SUBJECT: Formation and Operations of Community Facilities Districts 94-01 and 2005-1

Background

The Hesperia Fire Protection District (HFPD) formed and administers Community Facilities District (CFD) No. 94-01 and also receives funding from the City formed and administered Community Facilities District No. 2005-1. This memorandum discusses the HFPD's administration and involvement with these two CFDs.

Community Facilities District No. 94-01

Formed May 5, 1994, CFD 94-01 was formed pursuant to the "Mello-Roos Community Facilities Act of 1982" Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California. CFD 94-01 is a services CFD, meaning the assessment is to fund the fire services operations. Beginning in 1995, and every year since, the City Council/Fire District Board of Directors has authorized the levy of the special tax on the parcels comprising the CFD as well as the parcels of all the annexations in the years since.

The special assessment amount was initially established at \$70 per single family residence and \$0.10 per square foot for commercial and industrial building space. These rates have been increased annually, as directed by the CFD's Rate and Method of Apportionment (RMA). The RMA directs that the annual assessment can be increased by the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U.S. Department of Labor, Bureau of Labor Statistics. Since inception, the City's special assessment contractor has used the May to May change to determine the annual increase. After the HFPD is annexed by the San Bernardino County Fire Department, it is anticipated that County Fire will assume administration for the CFD. This CFD has no predetermined end.

Community Facilities District No. 2005-1

CFD 2005-1 was formed February 16, 2005 for the purpose of refinancing the bonds of CFD 91-3 which funded the infrastructure of the Belgate Development. After computing the funding requirements to retire the CFD 91-3 bonds, the calculations showed sufficient capacity to include in the annual assessment a public safety portion which was further determined to be split 55% Police and 45% Fire. The 55%/45% split was based on the contract costs to the City and the CFD 94-01 burden already on the Belgate Development. CFD 2005-1 was formed pursuant to Chapter 2.5 (commencing with Section 53311) of Part 1 of Division 2 of Title 5 of the California Government Code, commonly known as the "Mello-Roos Community Facilities Act of 1982".



The public safety portion of the special assessment was initially established at \$429.89 per parcel. The first assessment in, FY 2006-07, was the result of a resolution (2005-048) that authorized the annual levy sufficient to pay the principal, interest, bond reserve, additional police protections, and additional fire protection and suppression services. The City's special assessment contractor provides to the County of San Bernardino Tax Collector the annual levy per the CFD's RMA. The RMA allows for a maximum annual increase to the levy of 2%.

Section 4 of Resolution No. 2005-032 states in part "that special taxes for the payment of police and fire protection and fire suppression services ("Authorized Services," as defined in the Rate and Method of Apportionment) may be levied so long as the City Council determines that it is needed. And Section I.2. of the Rate and Method of Apportionment (End of Term of Special Tax) states, in part, "the Special Tax shall continue to be levied for Administrative Expenses and Authorized Services so long as the Council, acting in its capacity as the legislative body of CFD 2005-1, determines that such Special Taxes are necessary to fund the Administrative Expenses and Authorized Services."

Special Assessment Collections

After the special assessments of the CFDs are added to the tax bills of the property owners within the districts, the collections are remitted to the HFPD (CFD 94-01) and the City of Hesperia (CFD 2005-1). For CFD 94-01, the collections are included in the HFPD revenues, in a distinct account. For the CFD 2005-1 collections, the remittances are recorded into a trust fund that pays the debt related costs and accounting adjustments record the public safety portion to the City of Hesperia's General Fund (for Police 55%) and to the HFPD (for Fire 45%), which is also recorded to a distinct HFPD revenue account.



CITY OF HESPERIA

Community Facilities District No. 94-1

2017/18 Annual Report

November 2017

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

www.nbsgov.com

Prepared by



NBS

helping communities fund tomorrow

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3. Final Billing Detail Report Fiscal Year 2017/18	3

1. DISTRICT ANALYSIS

District

The City of Hesperia (the "City") formed Community Facilities District No. 94-1 (the "District") in 1994 to fund fire protection services. The services consist of, but are not limited to, fire response services, emergency medical services, fire protection programs and services, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration costs and expenses, and all other services provided by the Hesperia Fire Protection District or other fire personnel as may be deemed necessary from time to time, to service properties within the boundaries of the district. No bonds were issued for the District and the special tax is projected to be levied in perpetuity.

Levy

The City levied the Fiscal Year 2017/18 special tax on 3,250 parcels for a total of \$615,937.44. Residential property within the District was levied at 100% of its maximum special tax rate and Non-Residential property within the District was levied at approximately 100% of its maximum special tax rate.

NBS

Adina McCargo, Senior Consultant

Pablo Perez, Client Services Director

2. LEVY SUMMARY

The following table shows the Special Tax Rates for each Land Use Class.

Special Tax Rates by Land Use Class ⁽¹⁾	2016/17	2017/18
Residential Rate (Per Parcel)	\$118.89	\$121.74
Commercial Rate (per Building Square Foot)	\$0.16984558	\$0.17392929

(1) The special tax is levied at the Maximum Special Tax Rate and may increase by the Consumer Price Index (CPI) for All Urban Consumers for the Los Angeles-Riverside-Orange County, CA area. The CPI increase for Fiscal Year 2017/18 was approximately 2.404%.

The following table shows the breakdown of the 2017/18 Fiscal Year levy by Land Use Class.

Land Use Class	Parcel Count	Levy Amount
Non-Residential	81	\$230,143.38
Residential	3,169	385,794.06
Undeveloped	839	0.00
Public	68	0.00
Exempt	7	0.00
Total	4,164	\$615,937.44

3. FINAL BILLING DETAIL REPORT FISCAL YEAR 2017/18

The following pages show the billed parcels in the District and the Fiscal Year 2017/18 levy amount.

City of Hesperia
CFD No. 94-01
Final Billing Detail Report for Fiscal Year 2017/18

Account ID	Property ID	DB	Levy	Other	Total
0357-091-13-0000	0357-091-13-0000		\$0.00	\$0.00	\$0.00
0357-132-01-0000	0357-132-01-0000		0.00	0.00	0.00
0357-132-04-0000	0357-132-04-0000		0.00	0.00	0.00
0357-132-05-0000	0357-132-05-0000		592.75	(0.01)	592.74
0357-132-06-0000	0357-132-06-0000		0.00	0.00	0.00
0357-132-07-0000	0357-132-07-0000		0.00	0.00	0.00
0357-132-08-0000	0357-132-08-0000		121.75	(0.01)	121.74
0357-132-09-0000	0357-132-09-0000		0.00	0.00	0.00
0357-132-10-0000	0357-132-10-0000		0.00	0.00	0.00
0357-321-04-0000	0357-321-04-0000		0.00	0.00	0.00
0357-321-05-0000	0357-321-05-0000		0.00	0.00	0.00
0357-321-11-0000	0357-321-11-0000		0.00	0.00	0.00
0357-321-12-0000	0357-321-12-0000		0.00	0.00	0.00
0357-321-16-0000	0357-321-16-0000		121.75	(0.01)	121.74
0357-321-17-0000	0357-321-17-0000		121.75	(0.01)	121.74
0357-321-18-0000	0357-321-18-0000		0.00	0.00	0.00
0357-321-23-0000	0357-321-23-0000		0.00	0.00	0.00
0357-321-25-0000	0357-321-25-0000		121.75	(0.01)	121.74
0357-331-02-0000	0357-331-02-0000		121.75	(0.01)	121.74
0357-331-06-0000	0357-331-06-0000		0.00	0.00	0.00
0357-331-07-0000	0357-331-07-0000		0.00	0.00	0.00
0357-331-10-0000	0357-331-10-0000		0.00	0.00	0.00
0357-331-14-0000	0357-331-14-0000		0.00	0.00	0.00
0357-341-03-0000	0357-341-03-0000		0.00	0.00	0.00
0357-341-04-0000	0357-341-04-0000		0.00	0.00	0.00
0357-341-05-0000	0357-341-05-0000		0.00	0.00	0.00
0357-341-06-0000	0357-341-06-0000		0.00	0.00	0.00
0357-341-08-0000	0357-341-08-0000		0.00	0.00	0.00
0357-341-10-0000	0357-341-10-0000		0.00	0.00	0.00
0357-341-11-0000	0357-341-11-0000		0.00	0.00	0.00
0357-341-12-0000	0357-341-12-0000		0.00	0.00	0.00
0357-341-13-0000	0357-341-13-0000		0.00	0.00	0.00
0357-341-14-0000	0357-341-14-0000		0.00	0.00	0.00
0357-341-15-0000	0357-341-15-0000		0.00	0.00	0.00
0357-561-78-0000	0357-561-78-0000		0.00	0.00	0.00
0357-561-79-0000	0357-561-79-0000		0.00	0.00	0.00
0357-561-80-0000	0357-561-80-0000		826.16	0.00	826.16
0357-561-81-0000	0357-561-81-0000		0.00	0.00	0.00
0357-561-83-0000	0357-561-83-0000		0.00	0.00	0.00

City of Hesperia
STAFF REPORT
RECEIVED

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LOCAL AGENCY
FORMATION COMMISSION



DATE: June 7, 2011
TO: Chair and Board Members
Hesperia Fire Protection District
FROM: Mike Podegracz, City Manager
BY: Peter Brierty, Assistant Chief
SUBJECT: Community Facilities District (CFD) 94-01, Annexation 161

RECOMMENDED ACTION

It is recommended that the Fire District Board of Directors adopt Resolution HFPD 2011-004 admitting the following Annexation into the Community Facilities District (CFD) 94-01 and direct the Secretary of the Board to file the addition with the County Recorder:

HFPD 2011-004 In the City of Hesperia, County of San Bernardino, State of California, Being Parcel 2 of Parcel Map 14623, as shown on a map filed in Book 175, Pages 37 and 39 and as shown on the amending map filed in Book 179, Pages 49 and 51, Both of Parcel Maps, in the Office of the County Recorder of Said County. (Annexation No. 161) – (Haagen Company, LLC)

BACKGROUND

On August 18, 1994, the Fire District Board approved Resolution HFPD 94-15, authorizing future annexations to existing Community Facilities District 94-01. On September 18, 2002, Resolution HFPD 2002-23 was approved, authorizing expansion of the CFD boundary and providing for the continued annexation of territory within the boundary. The revised boundary is known as Future Annexation Area II. The location of the annexation area is identified on the attached map.

ISSUES/ANALYSIS

In order for property to be annexed into an existing CFD, the Fire District Board must approve the annexation. Currently, properties within the CFD 94-01 Future Annexation Area II boundaries may be annexed into the CFD subsequent to Fire District Board approval.

The applicant for Annexation 161 has requested annexation into CFD 94-01. All required documents have been completed and submitted to the Fire District to process this application, and have been included with this staff report. The original documents are required to remain on file with the Board Secretary.

FISCAL IMPACT

Development of the commercial building (approximately 29,370 square feet) is anticipated to provide a minimum of \$4,405.50 per year to the Community Facilities District for fire protection and emergency medical care services, as well as provide needed services to the west side of the community and Interstate 15.

ATTACHMENTS:

1. Resolution HFPD 2011-004
2. Location Map

RESOLUTION NO. HFPD 2011-004

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, CERTIFYING AND ADDING PROPERTY TO AN EXISTING COMMUNITY FACILITIES DISTRICT (CFD 94-01, FUTURE ANNEXATION AREA II, ANNEXATION NO. 161)

WHEREAS, the Board of Directors of the Hesperia Fire Protection District, California, (hereinafter referred to as the "legislative body"), has previously formed a Community Facilities District pursuant to the provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, said Article 3.5 thereof. The existing Community Facilities District being designated as COMMUNITY FACILITIES DISTRICT NO. 94-01, Future Annexation Area II, (hereinafter referred to as the "District"); and

WHEREAS, the legislative body has also established a procedure to allow and provide for future annexations to the District, and the territory proposed to be so annexed in the future was designated as COMMUNITY FACILITIES DISTRICT NO. 94-01, FUTURE ANNEXATION AREA II, NO. 161; and

WHEREAS, at this time the unanimous consent of the property owner or owners of certain specific territory proposed to be annexed has been received, and said territory has been designated as ANNEXATION NO. 161 (hereinafter referred to as the "Annexed Area"); and

WHEREAS, a map showing the Annexed Area and designated as Community Facilities District 94-01, Future Annexation Area II, Annexation No. 161 has been submitted to this legislative body; and

WHEREAS, a legal description of such annexation identifying the area to be annexed as the (APN 3057-011-019)

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AS FOLLOWS:

Section 1. In all respects as set forth above, this resolution is true and correct.

Section 2. Findings

a. That the unanimous consent and election to the annexation of the Annexed Area to the District has been given by the owner of the Annexed Area and such consent and election shall be kept on file in the Office of the Secretary of the Fire Protection District.

b. The legislative body is authorized to levy the authorized special taxes within the Annexed Area to pay for the authorized services.

Section 3. Annexed Area

a. That the boundaries and parcels of territory within the Annexed Area and on which special taxes will be levied in order to pay for the costs and expenses of authorized services are described as follows:

- (1) The property annexed to the District as said territory is shown on a map as submitted to and hereby approved by this legislative body, said map designated by the number of the annexation and the name of the district, a copy of which is on file and shall remain open for public inspection.

Section 4. Declaration of Annexation

- a. That this legislative body does hereby determine and declare that the Annexed Area is now added to and becomes a part of the District.

Section 5. Notice

- a. That immediately upon adoption of this Resolution, notice shall be given as follows:

- (1) A copy of the annexation map as approved shall be immediately, and no later than ten (10) days after the date of this Resolution, filed in the Office of the County Recorder.
- (2) An amendment to the Notice of Special Tax Lien (Notice of Annexation) shall be recorded in the Office of the County Recorder on or before July 30, 2011.

Section 6. Severability

- a. If any section, subsection, sentence, clause or phrase of this Resolution is for any reason held to be invalid by a decision of any court of competent jurisdiction or preempted by state legislation, such decision or legislation shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have passed this Resolution and each and every section, subsection, clause or phrase not declared invalid, without regard to any preemptive legislation.

Section 7. That the Secretary to the Board of Directors shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

ADOPTED AND APPROVED this 7th day of June 2011.

Mike Leonard, Chair

ATTEST:

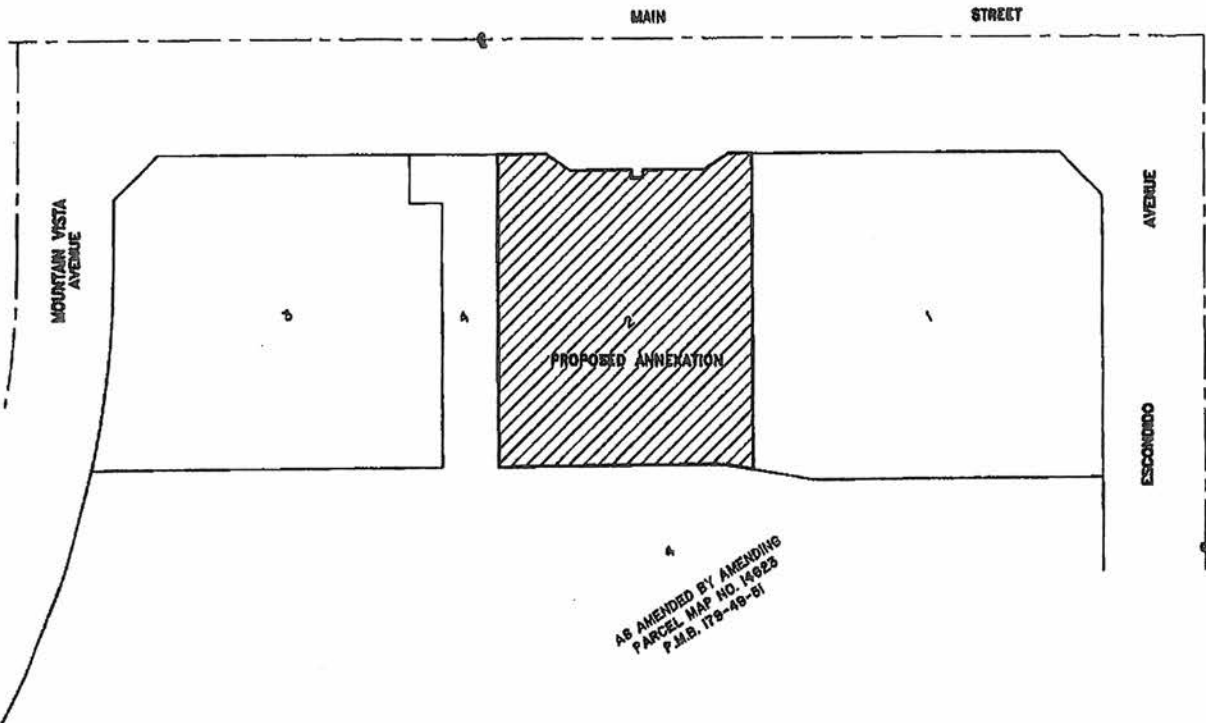
Melinda Sayre-Castro,
Secretary to the Board

AMENDED BOUNDARY MAP

ANNEXATION MAP OF ANNEXATION NO. _____
OF COMMUNITY FACILITIES DISTRICT NO. 94-01 OF
THE HESPERIA FIRE PROTECTION DISTRICT
COUNTY OF SAN BERNARDINO, STATE OF
CALIFORNIA

DRC ENGINEERING, INC.

APRIL, 2011



FILED IN THE OFFICE OF THE SECRETARY OF THE HESPERIA FIRE PROTECTION DISTRICT
THIS _____ DAY OF _____ 20____

SECRETARY TO THE BOARD
HESPERIA FIRE PROTECTION DISTRICT
STATE OF CALIFORNIA

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING BOUNDARIES OF TERRITORY ANNEXED TO COMMUNITY FACILITIES DISTRICT NO. 94-01 OF THE HESPERIA FIRE PROTECTION DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, WAS APPROVED BY THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF _____ BY ITS RESOLUTION NO. HFPD _____. THIS ANNEXATION MAP AMENDS THE BOUNDARY MAP FOR COMMUNITY FACILITIES DISTRICT NO. 94-01 OF THE HESPERIA FIRE PROTECTION DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, PRIOR RECORDED AT BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER FOR THE COUNTY OF SAN BERNARDINO, CALIFORNIA.

SECRETARY TO THE BOARD
HESPERIA FIRE PROTECTION DISTRICT
STATE OF CALIFORNIA

PREPARED BY:
PASCAL R. PROTHEL, L.S. 7734

DRC ENGINEERING, INC.
160 SOUTH OLD SPRINGS ROAD, STE. 210
ANAHEIM HILLS, CA 92808

**PROPOSED ANNEXATION**

APN# 3057-011-019

LEGAL DESCRIPTION

IN THE CITY OF HESPERIA, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, BEING PARCEL 2 OF PARCEL MAP 14823, AS SHOWN ON A MAP FILED IN BOOK 175, PAGES 37 AND 38 AND AS SHOWN ON THE AMENDING MAP FILED IN BOOK 179, PAGES 49 AND 51, BOTH OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

LEGEND

CFD 94-01 PROPOSED ANNEXED AREA

SAN BERNARDINO COUNTY RECORDER'S CERTIFICATE

THIS MAP HAS BEEN FILED UNDER DOCUMENT NUMBER _____
THIS _____ DAY OF _____, 2011, AT _____ IN BOOK _____
AT PAGE _____ AT THE REQUEST OF _____
IN THE AMOUNT OF \$ _____

LARRY WALKER
AUDITOR-CONTROLLER/RECORDER
COUNTY OF SAN BERNARDINO, CALIFORNIA

BY: _____
DEPUTY RECORDER

Fire

City of Hesperia
STAFF REPORT



DATE: February 15, 2006

TO: Chairman and Board Members
Hesperia Fire Protection District

FROM: *R* Mike Podegracz, City Manager

BY: Brian Johnson, Assistant City Manager/Management Services *[Signature]*
Tim Wessel, Fire Chief
Anne Duke, Deputy Finance Director *[Signature]*

SUBJECT: Community Facilities District 94-01
Resolution to Add Future Annexation Area III

RECOMMENDED ACTION

It is recommended that the Fire District Board of Directors adopt Resolution HFPD 2006-01, authorizing and providing for the future annexation of territory to Community Facilities District (CFD) 94-01, Future Annexation Area III.

GOALS STATEMENT

This item is consistent with the Board's goal of prudently managing the finances of the Fire Protection District.

BACKGROUND

On July 7, 1994, the Hesperia Fire Protection District Board of Directors adopted Resolution HFPD 94-14, declaring the formation of CFD 94-01, which encompassed the Kaufman and Broad properties east of Escondido, identified as Tentative Tract TT-14372. The Fire District Board of Directors subsequently approved HFPD 94-15 on August 18, 1994, authorizing a "Future Annexation Area," which allowed other territories to be annexed into CFD 94-01. The original Future Annexation Area included the K-Mart and Ludwig properties at Main Street and Mariposa Road. On September 1, 1994, Ordinance HFPD-5 was approved, authorizing the levy of a special tax in the Community Facilities District, pursuant to Mello-Roos Community Facilities Act of 1982.

The CFD was established to assure adequate funding for future fire protection services, including operations and capital purposes. Since adopting the Future Annexation Area, the Fire District Board of Directors approved the annexation of additional properties beyond the boundaries originally established in 1994, as allowed by Ordinance HFPD-5. In 2002, the Fire District Board of Directors adopted Future Annexation Area II, further increasing the boundary.

ISSUES/ANALYSIS

With the recent annexation of the Freeway Corridor and Cataba Area, the boundary for fire protection services increased as well. The proposed Future Annexation Area III of CFD 94-01 encompasses both the Freeway Corridor and Cataba Area to offset the increased service requirement for these newly annexed areas.

F-4-1

The CFD 94-01 rates established in Fiscal Year 2005-06 were \$90.68 per parcel for residential parcels and \$0.13 per building square foot for non-residential properties. These rates increase annually, based upon the Consumer Price Index (CPI) for All Items, All Urban Consumers for Los Angeles/Riverside area, as published by the U.S. Department of Labor, Bureau of Labor Statistics. Staff is anticipating that the rates will continue to increase by an average of 3 percent a year.

The Fire District Board of Director's approval of the proposed CFD 94-01 Future Annexation Area III boundary map will clearly delineate the area that should be located within the CFD. Only vacant property within the proposed area would be required to annex, but only upon a request to develop the property and with the owner's written consent.

FISCAL IMPACT

The total CFD 94-01 special tax levied in Fiscal Year 2005-06 was \$154,475 from 1,250 residential parcels and 14 non-residential parcels. The residential rate during this period was \$90.68 per parcel and \$0.13 per building square foot for non-residential parcels.

ALTERNATIVE(S)

Provide alternative direction to staff.

ATTACHMENTS

1. Resolution HFPD 2006-01
2. Exhibit A – Future Annexation III Boundary Map
3. Exhibit B – Community Facilities District 94-01 Rate and Method of Apportionment

F-4-2

RESOLUTION NO. HFPD 2006-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT, HESPERIA, CALIFORNIA, AUTHORIZING AND PROVIDING FOR THE ESTABLISHMENT OF COMMUNITY FACILITIES DISTRICT NO. 94-01, FUTURE ANNEXATION AREA III, WHICH WILL PROVIDE FOR FUTURE ANNEXATION OF TERRITORY TO EXISTING COMMUNITY FACILITIES DISTRICT NO. 94-01

WHEREAS, On September 1, 1994, the Board of Directors of the Hesperia Fire Protection District, California, ("the Board") approved and adopted Ordinance No. HFPD-5, creating Community Facilities District No. 94-01 ("CFD No. 94-01 or the existing Community Facilities District") pursuant to the provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California; and

WHEREAS, on August 18, 1994, the Board approved and adopted Resolution No. HFPD 94-15, authorizing the annexation of territory in the future to CFD No. 94-01; and

WHEREAS, the owners of real property lying outside of the boundaries of CFD No. 94-01 and within the boundaries identified as CFD No. 94-01 Future Annexation Area III shall be annexed on a property-by-property basis when the owner is ready to assume the burden and benefit of CFD No. 94-01; and

WHEREAS, Government Code Section 53339.2 authorizes the Board to adopt a resolution authorizing and providing for the future annexation of such territory to CFD No. 94-01.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HESPERIA FIRE PROTECTION DISTRICT AS FOLLOWS:

Section 1. That the above is true and correct and adopted as findings.

Section 2. That a map containing a description of the boundaries and territory proposed to be annexed in the future to the existing Community Facilities District, identified by the name of the existing Community Facilities District and further designated as Future Annexation Area III, a copy of which is attached hereto and incorporated herein as Exhibit "A", is hereby approved.

Section 3. That the Board of Directors does hereby provide for the annexation of territory in the future without additional hearings pursuant to the provisions and authorization of Section 53339.7 of the Government Code of the State of California.

Section 4. That the Board of Directors hereby determines that the public convenience and necessity requires a procedure to allow and authorize territory to be annexed in the future to the existing Community Facilities District in order to pay the costs and expenses thereof.

F-4-3

Section 5. A description of the boundaries and territory proposed to be annexed in the future to the existing Community Facilities District; the said property is shown on a map identified by the name of the existing Community Facilities District and further designated as Future Annexation Area III, a copy of which is on file in the Office of the Secretary and shall remain open for public inspection. Future annexation proceedings can only be completed with the unanimous approval of the owner or owners of any parcel proposed for final annexation.

Section 6. The name of the existing Community Facilities District is COMMUNITY FACILITIES DISTRICT NO. 94-01, and the designation for the proposed Future Annexation Area shall be COMMUNITY FACILITIES DISTRICT NO. 94-01, FUTURE ANNEXATION AREA III ("Future Annexation Area III").

Section 7. That the types of public services provided in the existing Community Facilities District are those described as follows: Fire suppression services including but not limited to fire response service, emergency medical services, fire prevention programs and service, community information and other programs and services, earthquake and other emergency relief programs, personnel and administration, and all other services provided by the Hesperia Fire Protection District or other fire personnel as may be deemed necessary from time to time.

Section 8. It is the intention of the Board of Directors, except where funds are otherwise available, a special tax sufficient to pay for said services to be provided in Future Annexation Area III, secured by recordation of a continuing lien against all non-exempt real property in Future Annexation Area III, will be levied annually within the boundaries of Future Annexation Area III. For particulars as to the rate and method of apportionment of the proposed special tax, reference is made to the attached and incorporated Exhibit "B", which sets forth in sufficient detail the method of apportionment to allow each landowner or resident within Future Annexation Area III to clearly estimate the amount that said person will have to pay on said special tax. No prepayment will be authorized for special taxes to pay for services. The proposed special taxes shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedures, sale and lien priority in any case of delinquency as applicable for ad valorem taxes; however, as applicable this legislative body may establish and adopt an alternate or supplemental procedure as necessary.

Section 9. Annexation of property in the future to CFD No. 94-01 shall be effective upon the unanimous approval of the owners or owners of each parcel or parcels at the time the parcel or parcels are annexed, and no further public hearings will be required.

Section 10. It is hereby further determined by this legislative body that all annexation proceedings hereto were valid and in conformity with the requirements of law, and specifically the provisions the "Mello-Roos Community Facilities Act of 1982".

Section 11. Immediately upon the completion of the annexation of any property to the existing Community Facilities District, a notice of annexation shall be recorded in the Office of the County Recorder as authorized by Section 53339.8 of the Government Code of the State of California.

F-4-4

Section 12. That, pursuant to Government Code Section 53339.3 and 53339.4, the public hearing at which the Board of Directors of the Hesperia Fire Protection District considered appropriate protests and the resolution for approval, was held in the chambers of the Hesperia Fire Protection District located at 15776 Main Street, Hesperia, California, at 6:30 p.m. on January 18, 2006. The Secretary of the Hesperia Fire Protection District did give notice of the hearing in accordance with Government Code Section 53339.4, and was completed within the time provided in Government Code Section 53339.3 and Section 53339.7.

Section 13. That protests against the proposal described in the resolution were made, received, and considered pursuant to Government Code Section 53339.5. That any protests pertaining to the regularity or sufficiency of the proceedings were required in writing and were to clearly set forth the irregularities or defects to which objection was made. All written protests were filed with the Clerk of the Hesperia Fire Protection District prior to the time fixed for the hearing. Written protests were allowed to be withdrawn in writing at any time before the conclusion of the hearing. As provided in Government Code Section 53339.5, the Board of Directors of the Hesperia Fire Protection District shall have the authority to correct minor defects in the proceedings.

Section 14. That the written protests against the proposal described in Section 13 above were tabulated and shown to be less than a majority pursuant to Government Code Section 53339.6

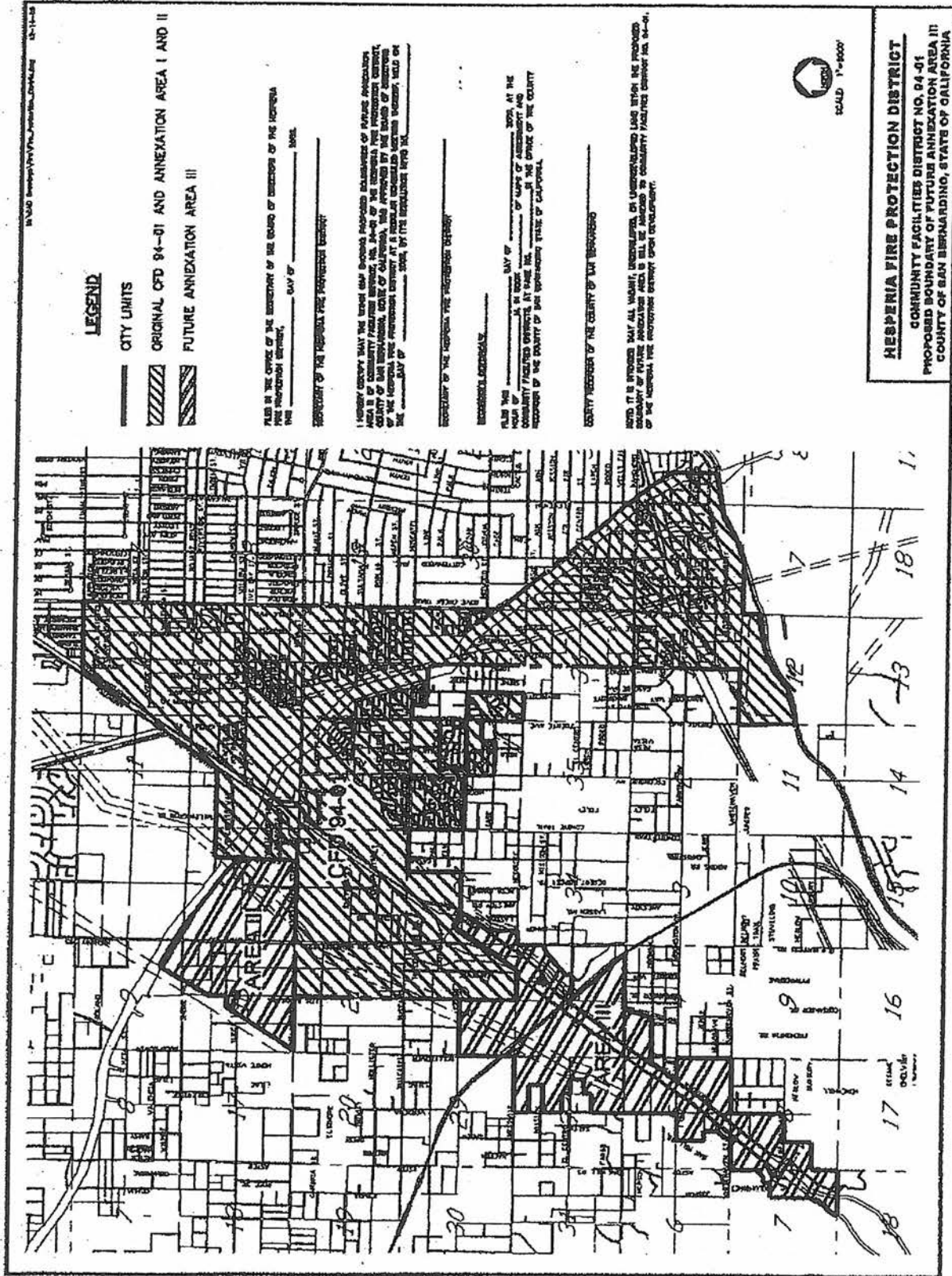
ADOPTED AND APPROVED this 15th day of February 2006.

Tad Honeycutt, Chair

ATTEST:

Vicki C. Soderquist, CMC/AAE
City Clerk

F-4-5



HESPERIA FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 94-01

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax shall be levied on each Parcel of land within Community Facilities District No. 94-01 of the Hesperia Fire Protection District (the "District"), and collected according to the Special Tax Liability determined by the Responsible Party of the Hesperia Fire Protection District (the "HFPD") through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to Parcels shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, the Board of Directors of HFPD, acting as the legislative body of the District, may establish and adopt an alternative or supplemental procedure as it deems necessary.

CATEGORIES OF SPECIAL TAX

RESIDENTIAL CATEGORY:

Residential Category includes each Taxable Property within the District that is zoned by the City of Hesperia (the "City") for use as a residential dwelling unit, and for which a building permit has been issued.

The maximum special tax that may be levied annually on Taxable Property within the Residential Category during the Fiscal Year beginning July 1, 1994 is \$70.00 per Parcel. Said maximum special tax shall increase each Fiscal Year thereafter by an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

NON-RESIDENTIAL CATEGORY:

The Non-residential Category includes each Taxable Property in the District which has been zoned by the City for non-residential uses, and for which a building permit has been issued.

The Non-residential Category special tax will be levied annually at a rate equal to \$5.10 per building square foot levied against each non-residential zoned Parcel during the Fiscal Year beginning July 1, 1994. Said maximum special tax shall increase each Fiscal Year thereafter by an amount calculated based upon the increase during the preceding Fiscal Year in the Consumer Price Index (CPI) for All Items, All Urban Consumers, for Los Angeles/Anaheim/Riverside area as published by the U. S. Department of Labor, Bureau of Labor Statistics.

287140

F-4-7

ASSIGNMENT TO CATEGORIES; LEVY

ANNUAL TAX CATEGORIES:

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the Responsible Party shall determine the Category representing each Parcel of land within the District. Parcels subject to levy shall be determined based upon the records of the San Bernardino County Assessor as of the March 1 preceding such July 1, and the Tax Category shall be determined based upon the status of the Parcel as of the May 1 preceding such July 1.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the HFPD in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of its counsel, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of the HFPD staff directly related thereto and a proportionate amount of HFPD general administrative overhead related thereto, any amounts paid by the HFPD from its general funds with respect to the District, and all other costs and expenses of the HFPD.

Building Square Foot is the square footage of a building for a Parcel, as shown on the building permit.

City means the City of Hesperia.

District means Community Facilities District No. 94-01 of the Hesperia Fire Protection District.

Fiscal Year means the period starting on July 1 and ending the following June 30.

HFPD means the Hesperia Fire Protection District.

Parcel means any San Bernardino County Assessor's Parcel or portion thereof that is within the boundaries of the District based on the equalized tax rolls of the County.

Responsible Party is any person or persons who the HFPD may appoint from time to time to compute the levy of the special taxes within the District.

Tax categories are those categories set forth in the body hereof.

Taxable Property is all real property within the boundaries of the District which is not exempt from the special tax pursuant to law, except that the following property shall not be taxed: any acres of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right-of-way or which is an unimproved utility easement making impractical its utilization for other than the purpose set forth in the easement.

287-140

**County Contract 17-796 –
Memorandum of Understanding
between San Bernardino County Fire
Protection District and County of San
Bernardino for Fire Protection and
Emergency Medical Services**

Attachment 9



**SAN BERNARDINO COUNTY
FIRE PROTECTION DISTRICT**

F A S

**MEMORANDUM OF
UNDERSTANDING**

FOR OFFICIAL USE ONLY

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	FAS Vendor Code	SC	Dept.	A	Contract Number 17-794	
ePro Vendor Number				ePro Contract Number		
Dept.				Orgn.	Contractor's License No.	
SAN BERNARDINO COUNTY FPD				Contract Representative		
John Chamberlin				Telephone		Total Contract Amount \$25,812,033
Contract Type				<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input type="checkbox"/> Other:		
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date		Contract End Date		Original Amount \$
						Amendment Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Various						
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Project Name				Estimated Payment Total by Fiscal Year		
				FY	Amount	I/D

THIS MOU is entered into in the State of California by and between the **SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**, hereinafter called the **DISTRICT**, and

Name

County of San Bernardino

hereinafter called County

Address

385 Arrowhead Ave

San Bernardino, CA 92415

Telephone

() -

Federal ID No. or Social Security No.

On File

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

**MEMORANDUM OF UNDERSTANDING AGREEMENT
BETWEEN SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND THE
COUNTY OF SAN BERNARDINO FOR FIRE PROTECTION AND EMERGENCY MEDICAL
SERVICES**

THIS AGREEMENT, dated as of September 26th, 2017 is entered into by and between the County of San Bernardino hereinafter referred to as the "COUNTY", and the San Bernardino County Fire Protection District, hereinafter referred to as the "DISTRICT", the promises and agreements of each being in consideration of the promises and agreements of the other.

Auditor-Controller/Treasurer/Tax Collector Use Only	
<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

Pursuant to California Health and Safety Code Section 13800 establishing Fire Protection District Law of 1987 or as the Bergeson Fire District Law, and Section 13890 which mandates a preliminary budget be submitted by July 1 which provides for adequate funding for district operations, the District has identified shortcomings in revenue to maintain current service levels.

The County of San Bernardino has identified its desire to provide current service levels in excess of the current revenues available to the District through its normal tax collection.

Under Section 13861, a district shall have and may exercise all rights and powers, expressed or implied, necessary to carry out the purposes and intent of this part, including, but not limited to, the following powers:
(f) To enter into and perform all necessary contracts pursuant to Article 53 (commencing with Section 20810) of Part 3 of Division 2 of the Public Contract Code.

WITNESSETH

WHEREAS, the COUNTY desires to contract for additional services of fire, rescue and emergency medical services, as depicted in "Exhibit 1", within the territorial boundaries of DISTRICT and COUNTY as set forth in this Agreement ; and

WHEREAS, the DISTRICT is willing and able to perform such fire protection and emergency medical services; and

WHEREAS, the DISTRICT and the COUNTY agree that the intent of this Agreement is to maintain or enhance to the extent possible the current service levels to the citizens and businesses of the COUNTY.

NOW THEREFORE, the parties agree as follows:

1. TERM

The term of this Agreement shall be for one (1) year, beginning on July 1, 2017 and ending on June 30, 2018, subject to the early termination provisions outlined in Section 2.

2. TERMINATION

Either party may, by written notice to the other party, terminate this Agreement at any time and without cause by giving written notice to the other party of such termination, and specifying the effective date thereof, at least one hundred and eighty (180) days after the date of such notice.

3. SCOPE OF SERVICES

DISTRICT agrees to provide fire protection and emergency medical services (EMS) to the COUNTY consistent with the service level criteria described in this Agreement. In providing these services the DISTRICT shall:

Maintain continuous (twenty-four (24) hours per day, seven (7) days per week) and uninterrupted fire and emergency medical services which shall at least be consistent with the service level criteria described in this Agreement, "Exhibit 1". Under no circumstance is the DISTRICT liable to the COUNTY for an interruption or failure of service caused by acts of God, unavoidable accident, or other circumstances beyond the control of the DISTRICT through no fault of its own.

The DISTRICT agrees to provide quarterly revenue and expenditure reports to the COUNTY. Financial reports shall provide costs for each COUNTY fire station and expenses grouped by: personnel services, materials and services, and capital expenses.

The DISTRICT shall keep the COUNTY informed of all new developments, issues, or concerns related to the efficient delivery of fire, rescue and EMS services of the DISTRICT. The COUNTY shall keep the DISTRICT informed of all new developments, issues, or concerns related to the efficient delivery of fire and EMS services in the COUNTY.

4. COMPENSATION

COUNTY and DISTRICT agree to a contract fee of \$25,812,033 for the 2017-18 fiscal year. COUNTY shall pay to DISTRICT quarterly installments equal to twenty-five percent (25%) of the annual amount every three (3) months during the period of this Agreement.

DISTRICT shall give COUNTY notice of unanticipated increased costs incurred by DISTRICT in providing the services pursuant to this Agreement. This Agreement may be amended pursuant to a written agreement signed by both parties to reflect the increased costs to DISTRICT. COUNTY has the option to terminate this Agreement at the completion of the specified term if the parties cannot agree on the amount of additional costs proposed by DISTRICT. In the event of such termination, DISTRICT shall be paid for all services rendered under the terms set forth in this Agreement until such termination date.

DISTRICT and COUNTY agree to review and discuss staffing and program levels as well as changes in services rendered by March 1st of each year for the successor MOU.

5. NOTICE

All notices, reports, or demands required to be given in writing under this Agreement shall be deemed to be given when delivered personally to the person designated below, or his successor, or when five (5) days have elapsed after it is deposited in the United States mail in a sealed envelope, with registered or certified mail postage prepaid, or on the next addressed business day if sent by express mail or overnight air courier to the party to which the notice is being given, as follows:

DISTRICT

San Bernardino County Fire Protection District
Attn: Fire Chief
157 West 5th Street, 2nd Floor
San Bernardino, CA 92415-0451

COUNTY

County of San Bernardino
Attn: Chief Executive Officer
385 N. Arrowhead Ave, 5th Floor
San Bernardino, CA 92415

None of the provisions of this Agreement shall be construed to create in the COUNTY any right, interest or ownership in any real or personal property of the DISTRICT during this Agreement.

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

► *Robert A. Lovinggood*
Robert Lovinggood, Chairman, Board of Directors

Dated: OCT 03 2017
SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch, Secretary
By: *Jennifer Dunn*
Deputy



COUNTY OF SAN BERNARDINO

► *Robert A. Lovinggood*
Robert Lovinggood, Chairman, Board of Supervisors

Dated: OCT 03 2017
SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch, Clerk
By: *Jennifer Dunn*
Deputy



Approved as to Legal Form
► *Carol Freese*
Counsel
Date 9/26/17

Reviewed by Contract Compliance
► _____
Date _____

Presented to Board for Signature
► *[Signature]*
Date 9/25/2017

Exhibit 1

Division and Notes	2017/18 General Fund Allocation	Previously approved budget allocations
<i>Administration</i>		
Special Operations (Helicopter cooperative effort with Sheriff's-Aviation, Bulldozer, Paid Handcrew, Inmate Handcrew, Safety, EMS)	\$4,007,248	12/14/04 BAI #64 and 6/24/08 BAI #175 (Fire Prevention/Background checks) \$340,000 3/13/07 BAI # 92 (Previous Engineer positions) Reassigned from Valley Service Zone \$1,268,532 6/13/17 BAI #133 Inmate handcrew \$1,500,000 Equipment Replacement \$537,336 Emergency Fuel Provision Policy decision \$162,848 Specifically Undesignated Amount \$198,532
Vehicle Replacement	\$1,444,979	Down from \$3,500,000 due to service zone reserve and fund balance usage
<i>Valley Service Zone</i>	\$0	Phased out via incremental tax increases
<i>North Desert Regional Service Zone</i>	\$10,582,188	9/14/99 BAI #87 Unfunded Area \$270,000
*Kern County Contract (\$795,145)		1/29/02 BAI #95 and 12/13/05 BAI #33 (Personnel) \$3,254,460
*Lucerne Valley, Wrightwood and Searles Valley Ambulance (FY15/16 Audited loss \$2,959,894)		3/18/03 BAI #60 Daggett Station Reassigned \$200,000 6/16/15 BAI #83 Kern County Contract \$795,145 6/13/17 BAI #133 (Baker EMS) \$733,775
*Station 53 Baker (\$2,041,125)		Vehicle Replacement Reassigned \$2,055,021
*Station 14 Wrightwood (\$2,036,043)		Specifically Undesignated Amount \$3,273,787
*Station 22 Spring Valley Lake (\$2,016,206)		
*Baker Medic Ambulance (\$733,775)		
<i>South Desert Regional Service Zone</i>	\$5,018,244	9/14/99 BAI #87 Unfunded Area \$230,000
* Lake Havasu and Yucca Valley Ambulance (FY 15/16 audited loss \$2,774,571)		12/13/05 BAI #33 (Personnel) \$661,071 6/13/17 BAI #133 (Station #45) \$1,500,000 Specifically Undesignated Amount \$2,627,173
*Station 36 Joshua Tree (\$743,673)		
*Station 45 Wonder Valley (\$1.5M) ((Up to))		
<i>Mountain Regional Service Zone</i>	\$2,439,686	Specifically Undesignated Amount \$2,439,686
*Lake Arrowhead Ambulance (FY15/16 Audited loss \$1,768,098)		
*Station 96 Fawnskin (\$671,588)		
<i>OES Support</i>	\$2,319,688	County Code 21.0103
Total MOU Value	\$25,812,033	

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
SITTING AS THE GOVERNING BOARD OF THE FOLLOWING:
SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

**REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS
OF THE FOLLOWING:
SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
AND RECORD OF ACTION**

October 3, 2017

**FROM: DENA M. SMITH, Interim Chief Executive Officer
County Administrative Office**

**MARK A. HARTWIG, Fire Chief/Fire Warden
San Bernardino County Fire Protection District**

**SUBJECT: REPORT OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
FINANCING**

RECOMMENDATION(S)

1. Receive report regarding San Bernardino County Fire Protection District financing.
2. Acting as the governing body of San Bernardino County, approve a Memorandum of Understanding (**Agreement No. 17-796**) with the San Bernardino County Fire Protection District that outlines fire protection and emergency services provided by the San Bernardino County Fire Protection District, as requested by the County of San Bernardino, for the period of July 1, 2017 through June 30, 2018 in the compensation amount of \$25,812,033.
3. Acting as the governing body of San Bernardino County Fire Protection District, approve a Memorandum of Understanding (Agreement No. 17-796) with the County of San Bernardino that outlines fire protection and emergency services provided by the San Bernardino County Fire Protection District, as requested by the County of San Bernardino, for the period of July 1, 2017 through June 30, 2018 in the compensation amount of \$25,812,033.

Public Comment: Jim Grigoli

(Presenter: Mark Hartwig, Fire Chief/Fire Warden, 387-5952)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES

Improve County Government Operations.


Operate in a Fiscally-Responsible and Business-Like Manner.

Page 1 of 3

cc: SBCFPD-Chamberlin w/ agree
Contractor c/o SBCFPD w/ agree
ATC-Accts Pay Mgr w/ agree
CAO-Smith
SBCFPD-Hartwig
CAO-Forster
File - w/ agree
jll 10/12/17

ITEM 42

Record of Action of the Board of Supervisors & Directors

<small>COUNTY OF SAN BERNARDINO San Bernardino County Fire Protection District Board of Supervisors</small>				
RECEIVED REPORT (RECOMMENDATION #1)				
MOTION	AYE 1	AYE 2	AYE 3	AYE 4
DIRECT STAFF TO GATHER INFORMATION OF THE INCREASED DISTRICT REVENUES AND RETURN TO THE BOARD; APPROVE RECOMMENDATIONS #2 AND #3				
MOTION	AYE 1	AYE 2	MOVE 3	SECOND 4
LAURA H. WELCH, CLERK OF THE BOARD/SECRETARY				
BY 				
DATED: October 03, 2017				

**REPORT OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
FINANCING
OCTOBER 3, 2017
PAGE 2 OF 3**

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

There is no financial impact to receive the report regarding SBCFPD financing.

Approval of the Memorandum of Understanding (MOU) between the County of San Bernardino (County) and the San Bernardino County Fire Protection District (SBCFPD) will not result in the use of additional Discretionary General Funding (Net County Cost). As reflected in the following table, the Board of Supervisors previously approved two allocations of Discretionary General Funding totaling \$25,812,033 for the 2017-18 requested fire protection and emergency services described in the MOU.

Approval Date	Subject	Item No.	Amount
June 13, 2017	2017-18 Budget Adoption	42	\$25,577,033
August 8, 2017	Adjustments to 2017-18 Appropriation	50	\$235,000
Total			\$25,812,033

BACKGROUND INFORMATION

SBCFPD provides fire protection and emergency medical services for the County's unincorporated area, cities annexed into SBCFPD, and other cities that have contracted with SBCFPD for these services. Sources of funding for SBCFPD include property taxes, fees, and contract city revenue. Due to the large geographic footprint of the County and, within that, the amount of land owned by state, federal and other governmental entities, many areas of the County historically have not generated sufficient revenue to fund the desired level of fire protection and emergency medical services. In view of that, the Board of Supervisors and Board of Directors of SBCFPD have found that it is in the best interest of the County and its residents to allocate Discretionary General Funding to SBCFPD for these services. As a result, the County has been providing Discretionary General Funding annually to SBCFPD to support the delivery of these services for approximately the past 20 years.

Recommendation No. 1 is to receive a report regarding SBCFPD finances. The purpose of this report is to provide the Board of Supervisors with an overview of SBCFPD's financial condition in order to make better-informed decisions concerning funding for future operations.

Recommendations No. 2 and No. 3 is to approve a MOU between the County and SBCFPD that formalizes the past practice of providing SBCFPD with Discretionary General Funding. The MOU sets forth details regarding services to be provided by SBCFPD and specifies the amount of payment (\$25,812,033) required by the County for such services in 2017-18. This MOU will need to be renewed by the County and SBCFPD on an annual basis.

PROCUREMENT

N/A

REVIEW BY OTHERS

**REPORT OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
FINANCING
OCTOBER 3, 2017
PAGE 3 OF 3**

This item has been reviewed by County Counsel (Carol Greene, Supervising Deputy County Counsel, 387-5455) on September 11, 2017; Finance (Tom Forster, Administrative Analyst, 387-4635) on September 18, 2017; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on September 18, 2017.

**Letter from Tom Dodson and
Associates Dated May 7, 2018
Related to Environmental
Assessment**

Attachment 10

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



May 7, 2018

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
1170 West Third Street, Unit 150
San Bernardino, CA 92415-0490

RECEIVED
MAY 08 2018

LAFCO
San Bernardino County

Dear Kathy:

LAFCO 3218 consists of a proposed Reorganization to include Annexations to the San Bernardino County Fire Protection District (FPD), its North Desert Service Zone and Apple Valley FPD, Detachment from Hesperia Fire Protection and Apple Valley FPDs, and Divestiture of Fire Protection, Emergency Medical Response and Ambulance Service from Hesperia Fire Protection (Hesperia FPD area).

The Reorganization area encompasses the entirety of the Hesperia FPD located in the north desert region of San Bernardino County, and is generally bordered by a combination of parcel lines, the I-15 Freeway, and Bear Valley Road (existing City of Victorville boundary) on the north; parcel lines along the Mojave River (combination of existing Apple Valley FPD and San Bernardino County Fire Protection District and its North Desert Service Zone boundaries) on the east; and a combination of parcel lines north of the National Forest boundary and parcel lines east and west of the I-15 Freeway (existing San Bernardino County Fire Protection District and its North Desert Service Zone boundary) on the south and west. This area encompasses approximately 46,674 acres (72.9 square miles).

LAFCO staff is proposing to modify this proposed Reorganization to include the reorganization of fire providers along the Mojave River to align with existing parcel delineation. This will require detachments from the Hesperia FPD and annexations to the Apple Valley FPD encompassing a total of approximately 61.95 acres and detachments from the Apple Valley FPD and annexations to the San Bernardino County FPD and its North Service District Zone encompassing a total of approximately 254.52 acres.

This change of organization will entail the transfer of the Hesperia FPD assets, obligations, liabilities and responsibilities to County FPD and its related service zone. However, the Hesperia FPD would continue to exist to ensure its continued participation in CalPERS on an ongoing inactive status to allow for payments of Hesperia FPD's unfunded CalPERS obligations. Annexation to County FPD will allow the Hesperia FPD to take advantage of the substantial economies of scale available from this agency, as well as existing County Fire stations and personnel located near the Hesperia FPD service area. If LAFCO 3218 is approved, County FPD will assume responsibility for providing fire suppression, emergency medical response and ambulance services within the Hesperia FPD's service area as outlined above.

The Hesperia FPD currently contracts with County Fire to provide fire protection, emergency medical response and ambulance services and the Reorganization allowed by LAFCO 3218 represents the best possible replacement of the Hesperia FPD fire service and ambulance obligation within its boundaries by County Fire. The Hesperia FPD's existing physical assets will be transferred to County Fire. In essence, these services will continue to be provided to the

Hesperia FPD's service area residents, but County Fire assumes the responsibility for these services in the future. Accordingly, approval of LAFCO 3218 has no identified potential to cause any modifications to the physical environment. Given this circumstance, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 3199/3200 under Section 15061(b)(3) of the State CEQA Guidelines, which states: *"A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA."* It is my opinion and recommendation to the Commission, that this circumstance applies to LAFCO 3218, which will facilitate future emergency response services to the residents of the area to be annexed.

Based on this review of LAFCO 3218 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 3218 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 3218 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the San Bernardino County Clerk of the Board for this action once the hearing is completed.

A copy of this exemption should be retained in LAFCO's project file to serve as verification of this evaluation and as the CEQA environmental determination record for LAFCO 3218. If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Dodson". The signature is stylized with a large, looped "T" and a cursive "D".

Tom Dodson

**Draft LAFCO Resolution
No. 3266**

Attachment 11

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: LAFCO 3218

HEARING DATE: May 16, 2018

RESOLUTION NO. 3266

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3218; APPROVING THE REORGANIZATION TO INCLUDE ANNEXATIONS TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS NORTH DESERT SERVICE ZONE AND APPLE VALLEY FIRE PROTECTION DISTRICT, DETACHMENTS FROM HESPERIA FIRE PROTECTION DISTRICT AND APPLE VALLEY FIRE PROTECTION DISTRICT AND DIVESTITURE OF THE FUNCTIONS OF FIRE, EMERGENCY MEDICAL RESPONSE AND SERVICE ZONE FP-5 OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND AMBULANCE FROM THE HESPERIA FIRE PROTECTION DISTRICT (The proposal includes the annexation of the entirety of the boundaries of the Hesperia Fire Protection District into the San Bernardino County Fire Protection District and its North Desert Service Zone, encompassing approximately 46,674 acres [72.9 square miles]; the detachments from Hesperia FPD and annexations to Apple Valley FPD encompassing a total of approximately 61.95 acres and detachments from Apple Valley FPD and annexations to San Bernardino County Fire Protection District and its North Desert Service Zone encompassing a total of approximately 254.52 acres).

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, an application for the proposed reorganization in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred as the "Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.), and the Executive Officer has examined the application and executed her certificate in accordance with law, determining and certifying that the filings are sufficient; and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by this Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

RESOLUTION NO. 3266

WHEREAS, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in order or orders continuing the hearing; and,

WHEREAS, at this hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application in evidence presented at the hearing;

WHEREAS, the Commission determines to modify the proposal to include (a) the detachments from Hesperia FPD and annexations to Apple Valley FPD encompassing a total of approximately 61.95 acres and (2) detachments from Apple Valley FPD and annexations to San Bernardino County Fire Protection District and its North Desert Service Zone encompassing a total of approximately 254.52 acres; and,

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, resolve, order and find as follows:

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

CONDITIONS:

Condition No. 1. The boundaries of this change of organization are approved as set forth in Exhibits "A", "A-1", "B", and "B-1" attached this resolution;

Condition No. 2. The effective date of this reorganization, including annexations, detachments, and divestiture (hereafter identified as "Reorganization"), is subject to completion of terms and conditions outlined in this resolution for approval as authorized by Government Code Sections 56886(p) and 57202 and will be effective upon issuance of the Certificate of Completion;

Condition No. 3. Upon the effective date of the Reorganization, the Hesperia Fire Protection District's functions (hereinafter "District", "HFPD, or "Hesperia FPD") will transfer to the San Bernardino County Fire Protection District (hereafter "County Fire" or "SBCFPD") North Desert Service Zone, as the successor district (hereinafter "Successor District") to the fire, emergency medical response and ambulance obligations of Hesperia Fire Protection District through divestiture of these functions. The Successor District shall succeed to and/or be assigned all rights, duties, responsibilities, properties (both real and personal except as further described in conditions below), contracts, equipment, assets, liabilities (excluding California Public Employees Retirement Fund as detailed in condition "e" below), obligations, functions, executory provisions, entitlements, permits and approvals of the Hesperia Fire Protection District. All property tax revenues attributable to the Hesperia Fire Protection District transferred to County Fire, its North Desert Service

RESOLUTION NO. 3266

Zone and/or City of Hesperia prior to calculations required by Section 96.1 and all other collections or assets of the Hesperia Fire Protection District shall accrue and be transferred pursuant to Government Code Section 56886(l). Said Successor District shall be subject to the terms and conditions contained herein;

Condition No. 4. All previously authorized charges, fees, assessments, and/or taxes currently in effect by San Bernardino County Fire Protection District and/or its North Desert Service Zone shall be extended to the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t). Such revenues shall accrue and be deposited in accounts designated for the use of County Fire or its North Desert Service Zone;

Condition No. 5 Upon the effective date of the Reorganization, the Hesperia Fire Protection District shall retain the obligations for CalPERS retirement obligations attributed to the District's CalPERS plan, or other contractual obligations related to retirement approved by the District for all suppression, prevention and administrative District employees. However, pursuant to adoption of Board of Supervisors Resolution No. 2018-24 and City of Hesperia/Hesperia Fire Protection District Joint Resolution No. 2018-20, no property tax revenues will accrue to the Hesperia Fire Protection District upon completion of LAFCO 3218. Therefore, prior to issuance of the Certificate of Completion for LAFCO 3218, the Hesperia Fire Protection District shall provide a signed agreement between Hesperia Fire Protection District and the City of Hesperia to the Local Agency Formation Commission for review and approval by its Executive Officer. Such agreement shall provide for the City's assumption of liability for the CalPERS obligations of the Hesperia Fire Protection District, including, but not limited to, timely payment of annual employer contributions to CalPERS required of the Hesperia Fire Protection District and any withdrawal liability assessed as a result of the voluntary or involuntary termination of the District's CalPERS contract for pensions. In addition, such agreement shall provide for the establishment of a Section 115 irrevocable trust for the benefit of the Hesperia Fire Protection District pursuant to which contributions equal to the annual employer contribution to CalPERS required of the District for both its safety and miscellaneous plans are made by the City before the beginning of the fiscal year in which the contributions will be due. The source of such contributions shall be funds derived from the transfer of property tax share to the City of Hesperia as a function of LAFCO 3218. Any remaining CalPERS obligations of the District not covered from assets in the Section 115 irrevocable trust shall be paid by the City of Hesperia pursuant the terms of the contractual agreement. Prior to the issuance of a Certificate of Completion for LAFCO 3218, a copy of the signed agreement between the Hesperia Fire Protection District and the City of Hesperia, as approved by the Executive Officer, shall be provided to the Local Agency Formation Commission;

Condition No. 6. Prior to the issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District, County of San Bernardino, and San Bernardino County Fire Protection District enter into a contract which directs the Auditor-Controller/Treasurer/Tax Collector for San Bernardino County to direct the pass-through funds attributable to the Hesperia Fire Protection

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District from all redevelopment activities within its boundaries be transferred to the North Desert Service Zone of SBCFPD, Successor District, to fund the provision of fire protection, emergency medical response and ambulance services. This contract shall be perpetual and address the needs for allocation of funds should the State of California make changes to this revenue stream legislatively. This amount is in addition to the amounts determined pursuant to the provisions of Revenue and Taxation Code Section 99 for LAFCO 3218;

Condition No. 7. Upon the effective date of the Reorganization, the Successor District shall accept all facilities transferred from the Hesperia Fire Protection District in "as is" condition [pursuant to Government Code Section 56886(h)] as outlined in the updated Plan for Service, attached hereto as Exhibit "C." All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.) rolling stock, tools, office furniture, fixtures and equipment, lands, buildings, real and personal property and appurtenances held by the Hesperia Fire Protection District shall be transferred to the Successor District, the North Desert Service Zone of SBCFPD. All quitclaim deeds to effectuate the transfer of land and/or buildings and the title transfer documents for vehicles shall be prepared by the Hesperia Fire Protection District to be filed upon the effective date of the change with copies provided to LAFCO;

Condition No. 8. Upon the effective date of the Reorganization, the Successor District shall accept the administration of Community Facilities District #94-01 (hereafter CFD #94-01) from the Hesperia Fire Protection District. The special tax levy for this entity shall be applied pursuant to the terms as specified in Hesperia Fire Protection District Resolution No. 94-14. All cash on hand or fund balance in the accounts of CFD #94-01 within the Hesperia Fire Protection District upon the effective date of LAFCO 3218 shall transfer to the administration of this CFD under the Successor District. All delinquent taxes and any and all other collections or assets of CFD #94-01 that may accrue shall be transferred to the Successor District pursuant to Government Code Section 56886(i). The revenues to be received by the Successor District administering CFD #94-01 are impressed with the public trust, use or purpose as defined by Hesperia Fire Protection District Resolution No. 94-14 and all transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing CFD #94-01 by the Successor District.

Prior to issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District and San Bernardino County Fire Protection District enter into a contract which directs the transfer of authority for CFD #94-01 and the requirement for implementation of the terms of Hesperia Fire Protection District Resolution No. 94-14 and Resolution No. HFPD 2006-01 for the future as authorized by Government Code Section 56886(u);

Condition No. 9. Following the effective date of the Reorganization, the North Desert Service Zone of the San Bernardino County Fire Protection District, Successor District, shall take an action pursuant to Government Code Section 53339.2 authorizing and defining the area for the future annexation of territory to Community Facilities District #94.01. This area shall be defined as the undeveloped territory within the Community of

RESOLUTION NO. 3266

Hesperia as identified by the sphere of influence assigned the City of Hesperia. This area shall be designated as Future Annexation Area IV, excluding from it the Tapestry Specific Plan area and the territory included within LAFCO 3218 currently within the boundaries of the Town of Apple Valley as shown on Exhibit "D" to this resolution.

The future administration of CFD #94-01 shall require that the North Desert Service Zone of San Bernardino County Fire Protection District, Successor District, participate in the development review process of the City of Hesperia and County of San Bernardino for any properties within the defined Future Annexation Area IV of CFD #94-01 shown on Exhibit "D". As part of the land use approval process, the City of Hesperia and/or the County of San Bernardino shall require any new development within the defined Future Annexation Area IV of CFD #94-01 be annexed into CFD No. #94-01 as a condition of development approval and said annexation shall be completed prior to the issuance of the certificate of occupancy for said project(s);

Condition No. 10. Prior to issuance of the Certificate of Completion for the Reorganization, pursuant to the provisions outlined in Government Code Section 56886(i), the Commission requires that the City of Hesperia, Hesperia Fire Protection District and San Bernardino County Fire Protection District enter into a contract which directs the portion of proceeds attributable to fire protection and emergency medical response services within City of Hesperia Resolution No. 2005-32 and Resolution No. 2005-33 for CFD 2005-1 shall transfer to the Successor District, North Desert Service Zone of San Bernardino County Fire Protection District in the same manner and in the same amounts as would have been transferred to the Hesperia Fire Protection District by the City of Hesperia's implementation of the covenants for CFD 2005-1. All delinquent taxes and any and all other collections or assets of CFD 2005-1 that may accrue for the provision of fire protection services shall be transferred to the Successor District pursuant to Government Code Section 56886(i). The revenues to be received by the Successor District on behalf of CFD 2005-1 are impressed with the public trust, use or purpose as defined by Hesperia Fire Protection District Resolution No. 2005-32 and 2005-33 and all transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing CFD 2005-1 by the City of Hesperia;

Condition No. 11. The Successor District shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the Hesperia Fire Protection District [Government Code Section 56886(r)]. Amendments of existing agreements required for successful transfer shall be completed and submitted to the Local Agency Formation Commission prior to the issuance of the Certificate of Completion to address any changes [Government Code Section 56886(r)(v)];

Condition No. 12. Upon the effective date of this Reorganization, the Successor District for the ambulance services currently provided within Exclusive Operating Area (EOA) 17 by the Hesperia Fire Protection District shall be the North Desert Service Zone of County Fire. The Successor District shall function under Division 2.5 of the California Health and Safety Code for the provision of ambulance services as recognized by the Local Emergency Medical Services Agency (LEMSA), the Inland Counties Emergency Medical Authority (ICEMA) with regard to the 201 provision of ambulance service by Hesperia Fire Protection District within EOA 17 and confirmed

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by correspondence dated September 18, 2017 from the Interim Chief Executive Director of ICEMA and correspondence dated September 18, 2017 from the Interim County Executive Officer as administrator of County Fire;

Condition No. 13. Upon the effective date of the reorganization, the City of Hesperia/Hesperia Fire Protection District shall adopt the existing County Fire Ordinances and Fee Schedules and acknowledge the continuance of the Memorandum of Understanding between the County of San Bernardino Land Use Services Department and San Bernardino County Fire Protection District for Fire Hazard Abatement within the boundaries of the City of Hesperia.

Condition No. 14. Upon the effective date of this Reorganization, any funds currently deposited for the benefit of the Hesperia Fire Protection District operations which have been impressed with a public trust, use or purpose, shall be transferred to the Successor District and said District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

Condition No. 15. Upon the effective date of this Reorganization, any funds currently deposited for the benefit of Hesperia Fire Protection District CFD #94-01 which have been impressed with a public trust, use or purpose, shall be transferred to the Successor District for its administration of CFD #94-01, and said Successor District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

Condition No. 16. Upon the effective date of this Reorganization, the appropriation limit of the San Bernardino County Fire Protection District, North Desert Service Zone shall be increased by \$8,500,000 for Fiscal Year 2018-19 to recognize the anticipated first year proceeds of taxes for the provision of fire protection, emergency medical response, and ambulance services;

Condition No. 17. As of the date of approval of the Reorganization by LAFCO through the effective date pursuant to the provisions of Government Code 56886(v), the Commission requires that as outlined in Government Code Section 56885.5(a) (4), the Board of Directors of the Hesperia Fire Protection District shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5, and such action is supported by the San Bernardino County Fire Protection District:

- a) **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the Hesperia Fire Protection District shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2017-18.
- b) **Bound by Current Budget:** No appropriating, encumbering, expending, or otherwise obligating any revenue of the Hesperia Fire Protection District

RESOLUTION NO. 3266

beyond that provided in the current budget at the time of Commission approval, unless agreed to by the Successor District, shall be allowed.

Condition No. 18. The Hesperia Fire Protection District and the San Bernardino County Fire Protection District, applicants for this change of organization, as well as the City of Hesperia, recipient of property tax revenues from the Hesperia Fire Protection District, shall indemnify, defend and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission;

SECTION 2. DETERMINATIONS. The following determinations are noted in conformance with Commission policy and Government Code Section 56668:

1. The County Registrar of Voters Office has determined that the reorganization area, as modified by LAFCO staff to include the exchange of territory along the Mojave River, is legally inhabited with 38,867 registered voters as of April 29, 2018.
2. The reorganization area is proposed to be included within the sphere of influence assigned the San Bernardino County Fire Protection District through approval of LAFCO 3217.
3. The County Assessor's Office has provided an updated determination that identifies that the total assessed valuation of the Hesperia Fire Protection District area as shown on the last equalized assessment roll (December 2017) is \$5,761,752,824 broken down as follows:

Land	\$1,456,157,881
Improvements	\$4,305,594,943
4. Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page legal advertisement in the *Victorville Daily Press*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice. Comments from affected and interested agencies have been considered by the Commission in making its determination.
5. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5. Approval of LAFCO 3218 has no direct impact on these determinations. The Sustainable Community Strategy includes as a determination the need to assure the ongoing availability of health and safety services which approval of LAFCO 3218 will support.

RESOLUTION NO. 3266

6. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated that based on his review of this reorganization, fire protection and emergency medical response will continue to be provided to the City by County Fire at a comparable service level. Therefore, the proposal will have no physical affect upon the environment, and a General Rule Statutory Exemption as authorized under Section 15061(b)(3) of the State CEQA Guidelines is appropriate. The Commission directs the Executive Officer to file a Notice of Exemption within five (5) working days.
7. The reorganization area is presently served by the following public agencies: County of San Bernardino, City of Hesperia, Town of Apple Valley (small portion), Hesperia Fire Protection District, Community Facilities District #94-01 and #2005-1 (portions of area), Apple Valley Fire Protection District (portion of the area), Hesperia Water District, Hesperia Recreation and Park District, Mojave Water Agency, Mojave Desert Resource Conservation District, and County Service Area 60 (Apple Valley Airport).

The City of Hesperia is affected through the assumption of the guarantee for payment obligations for the unfunded CalPERS retirement obligations for the Hesperia Fire Protection District. The Hesperia Fire Protection District is affected through the transfer of its fire protection, emergency medical response and ambulance obligations and powers to County Fire and its North Desert Service Zone as a function of the reorganization. The Apple Valley Fire Protection District is affected through the realignment of boundaries along the Mojave River as a function of the reorganization. In addition, the change anticipates the transfer of administration of Hesperia Fire Protection District Community Facilities District #94-01 to the North Desert Service Zone of County Fire to fund the ongoing fire operations. None of the other agencies are affected by this reorganization proposal as they are regional in nature.

8. Upon reorganization, the primary successor district, the North Desert Service Zone of the SBCPFD, will extend the defined range of services to residents, landowners, and governments within the boundaries of the Hesperia Fire Protection District. The Plan for Service, jointly submitted by the Hesperia Fire Protection District and County Fire, provide a general outline of the delivery of services mandated by Government Code Section 56653. This Plan and Fiscal Impact Analysis, as amended, indicates that the transfer of service to the North Desert Service Zone and County Fire can, at a minimum, maintain the level of service delivery currently received by the area. The Plan for Service and Fiscal Impact Analysis have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plan for Service and the supplemental data submitted conform to those adopted standards and requirements.
9. The reorganization area and its residents can benefit from the assumption of fire protection and emergency medical response through the North Desert Service Zone of the San Bernardino County Fire Protection District as evidenced by the amended Plan for Service and Fiscal Impact Analysis.

RESOLUTION NO. 3266

10. The proposal, as modified by LAFCO staff, complies with Commission policies that indicate the desire to provide for the establishment of appropriate, sustainable and logical municipal government structure for the distribution of an efficient and effective delivery of public services. Inclusion of the Hesperia Fire Protection District within the jurisdictional boundary of the San Bernardino County Fire Protection District and its North Desert Service Zone will allow the residents and landowners to receive the benefits of the economies of scale from a regional provider of fire protection and emergency medical response services.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the City of Hesperia through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
12. With respect to environmental justice, the reorganization provides for the continuation of existing fire protection, emergency medical, and ambulance response within the area and will not result in the unfair treatment of any person based upon race, culture or income.
13. The County Board of Supervisors (on behalf of County Fire and the Hesperia Fire Protection District) and the City of Hesperia have successfully completed the process for the determination of the transfer of ad valorem property tax revenues upon successful completion of this reorganization to the successor agencies, SBCFPD and its North Desert Service Zone for continuing service delivery and the City of Hesperia for the continued payment of unfunded retirement obligations of the Hesperia Fire Protection District. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.
14. The maps and legal descriptions prepared by the County Surveyor are in substantial compliance with LAFCO and State standards.

SECTION 3. Approval by the Local Agency Formation Commission indicates that completion of this proposal would accomplish the proposed change of organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

SECTION 4. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

SECTION 5. The Commission hereby directs that following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer is hereby directed to initiate protest proceedings in compliance with this resolution and State law (Part 4, commencing with Government Code Section 57000), provide for a 60-day protest proceeding, set the matter for consideration of the protest proceedings, and provide notice of the hearing pursuant to Government Code Section 57025 and 57026.

RESOLUTION NO. 3266

SECTION 6. Upon conclusion of the protest proceedings, the Executive Officer shall adopt a resolution setting forth her determination on the levels of protest filed and not withdrawn and setting forth the action on the proposal considered.

SECTION 7. Upon adoption of the final resolution by the Executive Officer, either a Certificate of Completion or a Certificate of Termination, as required by Government Code Sections 57176 through 57203, and a Statement of Boundary Change, as required by Government Code Section 57204, shall be prepared and filed for the proposal.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission for San Bernardino County by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

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

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission for San Bernardino County, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission by vote of the members present as the same appears in the Official Minutes of said Commission at its regular meeting of May 16, 2018.

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer