



JOSHUA BASIN WATER DISTRICT
 REGULAR MEETING OF THE BOARD OF DIRECTORS
 WEDNESDAY SEPTEMBER 7, 2011 7:00 PM
 61750 CHOLLITA ROAD, JOSHUA TREE, CA 92252
 AGENDA

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. DETERMINATION OF QUORUM
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT: At this time, any member of the public may address the Board on matters within the Board's jurisdiction that are not listed on the agenda. Please use the podium microphone. The Board may not discuss at length or take action on items not on the agenda. During either "Public Comment" Item, please use the podium microphone. State your name and have your information prepared and be ready to provide your comments to the Board. The District is interested and appreciates your comments. A 3-minute time limit may be imposed. Thank you.
6. CONSENT CALENDAR: Items on the Consent Calendar are considered routine in nature and will be adopted in total by one action of the Board of Directors unless any Board Member or any individual or organization interested in one or more consent calendar items wishes to be heard.
 - A. Approve Financial Report for July 2011
 - B. Approve District Investment Policy
Recommend that the Board approve the investment policy.
7. AGREEMENT BETWEEN HI-DESERT MEDICAL CENTER AND JOSHUA BASIN WATER DISTRICT FOR PACKAGE WASTE WATER TREATMENT PLANT
Recommend That the Board approve an agreement between Hi-Desert Medical Center (HDMC) and Joshua Basin Water District (JBWD) to provide for a package wastewater treatment to be paid by HDMC and constructed, owned, and operated by Joshua Basin Water District.
8. COMMITTEE REPORTS
 - A: PUBLIC INFORMATION COMMITTEE: Kathleen Radnich, Public Outreach Consultant
 - B: AD HOC GENERAL MANAGER PERFORMANCE FACILITATED REVIEW
PROCESS: Vice President Reynolds and Director Long

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9. PUBLIC COMMENT

At this time, any member of the public may address the Board on matters within the Board's jurisdiction that are not listed on the agenda. Please use the podium microphone. The Board may not discuss at length or take action on items not on the agenda.

10. GENERAL MANAGER REPORT

11. DIRECTORS COMMENTS/REPORTS

12. CLOSED SESSION

A. At this time, the Board will go into Closed Session to confer with Legal Counsel on existing litigation pursuant to subdivision (a) of Government Code Section 54956.9. (Re Joshua Basin Water District v. Robert Ellis, San Bernardino Superior Court - Joshua Tree District, Case No. CIVMS 900168).

B. At this time, the Board will go into Closed Session to confer with Legal Counsel on existing litigation pursuant to subdivision (a) of Government Code Section 54956.9. (Re Joshua Basin Water District v. Ironhead LLC a California Limited Liability Company, Praxedes Beard and Does 1 – 10 inclusive, San Bernardino Superior Court - Joshua Tree District, Case No. CIVMS 1100087).

13. REPORT ON CLOSED SESSION

14. ADJOURNMENT

INFORMATION

The public is invited to comment on any item on the agenda during discussion of that item.

Any person with a disability who requires accommodation in order to participate in this meeting should telephone Joshua Basin Water District at (760) 366-8438, at least 48 hours prior to the meeting in order to make a request for a disability-related modification or accommodation.

Materials related to an item on this Agenda submitted to the Board of Directors after distribution of the agenda packet are available for public inspection in the District's office located at 61750 Chollita Road, Joshua Tree, California 92252 during normal business hours.

JOSHUA BASIN WATER DISTRICT

FINANCIAL REPORT HIGHLIGHTS - JULY 2011

FROM: Susan Greer



This report represents the first month of our 11/12 fiscal year.

SUMMARY

- CASH – Total cash \$4,878,000 decreased \$156,000 from prior month
- REVENUES – 6% Y-T-D
- EXPENSES – 3% Y-T-D
- WATER USAGE – July, 2011—14% less than July, 2010.

ACCOUNT RECAP – (CASH BALANCE STATEMENT)

Total cash of \$4,878,000 is decreased \$156,000 from last month and decreased \$730,000 from one year ago.

CASH FLOW STATEMENT

Water collections are \$9,000 less than the same *month* last year. Capital expenditures of \$120,000 represent an increase of \$30,000 compared to last *month*. Operating expenses of \$255,000 (including CalPERS transfer, payroll and taxes) for the *month* are \$12,000 less than last year and decreased \$20,000 from last month. Meter installation sales *year-to-date* are 1 versus 1 last year and 0 the previous year.

OPERATING FINANCIAL REPORT

This is the first month of the fiscal year; if equally distributed throughout the year, expenses and revenues should be at 8%.

REVENUES – total revenues are 6%

- Metered Water Sales are not equally distributed throughout the year since water usage is higher in the summer. For example, February is typically the month of lowest consumption and August is the highest; with August consumption more than double that of February. We are at 13%, with July revenue usually accounting for almost 12% of revenue for the year.
- Basic Fees are equally distributed, and at 8% of budget, right on budget.
- Special Services Revenue represents the miscellaneous charges such as turn on/turn off, delinquent fees, NSF check charges and fire flow tests and are typically equally distributed. We are at 8%.
- Property Taxes including CMM Assessments, Property Taxes ID#2 and Standbys, a major source of revenue, have NOT YET been sent to the County for billing. Current year tax bill collections begin in November. Not yet billing the estimated \$1.7M in tax revenues skews the total y-t-d revenue results.

JOSHUA BASIN WATER DISTRICT

EXPENSES - total expenses are 3% y-t-d

Production

Including allocated costs, Production expenses are 2% year-to-date.

Distribution

Distribution expenses are 4% year-to-date, including allocated costs.

Customer Service

Including allocated costs, Customer Service expenses are 4% year-to-date.

Administration

Administration expenses are 5% year-to-date including allocated expenses.

Engineering

Engineering expenses are 4% year-to-date including allocations.

Finance

Including allocated expenses, Finance expenses are 4% year-to-date.

Personnel

Including allocations, Personnel expense is 5% year-to-date.

Legal

Legal Services expense is 0% year-to-date.

Bonds & Loans

Bonds and Loans expense is 0% year-to-date.

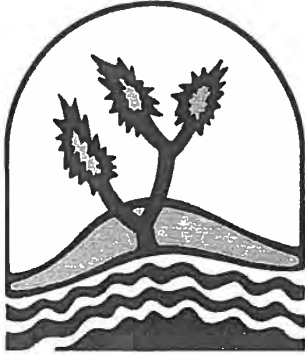
Capital Replacement Expense

Capital Replacement Expense	July	\$	93,734
	Year-to-date	\$	93,734

Revenues total 6% year-to-date not including taxes; with expenses at 3% year-to-date. Revenues exceed expenses by \$183,000 before Capital Replacement Expense and by \$90,000 after.

Please contact me if you have any questions, comments or suggestions.

		BEGINNING	TOTAL	TOTAL	ENDING	AVERAGE
		BALANCE	DEBITS	CREDITS	BALANCE	DAILY
						BALANCE
GENERAL FUND						
01 -11100	PETTY CASH FUND	600.00	0.00	0.00	600.00	600.00
01 -11110	CHANGE FUND	1,500.00	0.00	0.00	1,500.00	1,500.00
01 -11200	GENERAL FUND-U S	49,013.49	0.00	1,117.61CR	47,895.88	47,895.88
01 -11210	PAYROLL FUND - U	5,000.00	0.00	0.00	5,000.00	5,000.00
01 -11220	CREDIT CARD ACCO	29,915.78	0.00	1,505.08CR	28,410.70	28,410.70
01 -11300	LAIF-INVESTMENT	2,913,723.28	0.00	3,460.00CR	2,910,263.28	2,910,263.28
01 -11305	LAIF-RESERVE FUN	1,000,000.00	0.00	0.00	1,000,000.00	1,000,000.00
01 -11306	LAIF - EQUIP & T	316,646.71	0.00	0.00	316,646.71	316,646.71
01 -11310	LAIF - WATER CAP	115,165.82CR	3,460.00	0.00	111,705.82CR	111,705.82CR
01 -11313	LAIF - SEWER CAP	26,720.92	0.00	0.00	26,720.92	26,720.92
01 -11315	LAIF-CAPITAL PRO	0.00	0.00	0.00	0.00	0.00
01 -11320	LAIF- CMM REDEMP	377,438.47	0.00	0.00	377,438.47	377,438.47
01 -11325	LAIF - CMM RESER	272,524.54	0.00	0.00	272,524.54	272,524.54
01 -11330	LAIF CMM PREPAYM	2,953.31	0.00	0.00	2,953.31	2,953.31
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FUND 01	TOTAL	4,880,870.68	3,460.00	6,082.69CR	4,878,247.99	4,878,247.99
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REPORT	TOTALS	4,880,870.68	3,460.00	6,082.69CR	4,878,247.99	4,878,247.99
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JOSHUA BASIN WATER DISTRICT

P.O. BOX 675 • 61750 CHOLLITA ROAD • JOSHUA TREE • CALIFORNIA 92252
 TELEPHONE (760) 366-8438 FAX (760) 366-9528

Cash Flow July 31, 2011

Beginning Cash 4,997,826.85

SOURCE OF FUNDS:

Water A/R Collections	230,213.65
Turn On/Misc	11,347.30
Consumer Deposits	6,150.00
Project Deposits	1,750.00
Property Taxes G.D.	0.00
ID #2 Tax Collections	0.00
Standby Collections - Prior	0.00
Standby Collections - Current	0.00
CMM Assessment Collections	0.00
LAIF CMM Payoff	0.00
Water Capacity Charges	3,460.00
Sewer Capacity Charges	0.00
Meter Installation Fees	340.00
Interest	5,850.09
TOTAL SOURCE OF FUNDS	<u>259,111.04</u>

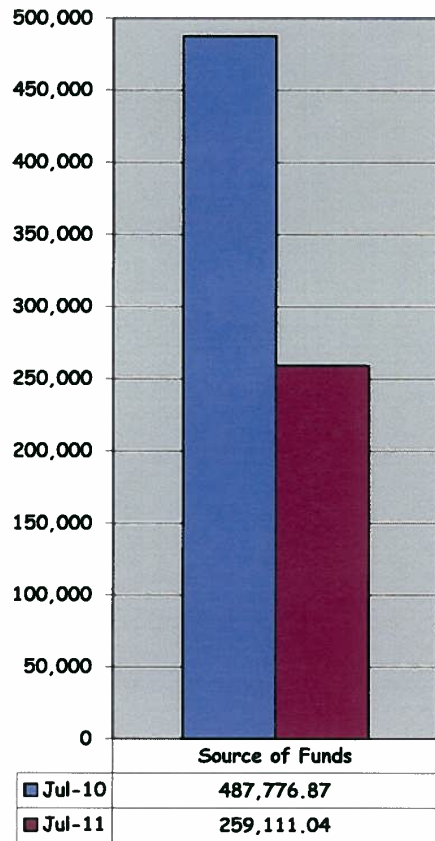
FUNDS USED:

Debt Service	0.00
Capital Additions	119,522.49
Operating Expenses	120,715.71
Bank Transfer Payroll Taxes	32,936.66
CalPERS Transfer	<u>19,686.85 292,861.71</u>
Bank Transfer Payroll	80,695.72
Employee Funded 457 Transfer	4,051.38
Bank Transfer Fees/Charges	<u>1,081.09 85,828.19</u>
TOTAL USE OF FUNDS	<u>378,689.90</u>
Net Increase (Decrease)	<u>(119,578.86)</u>
Cash Balance at End of Period	<u>4,878,247.99</u>

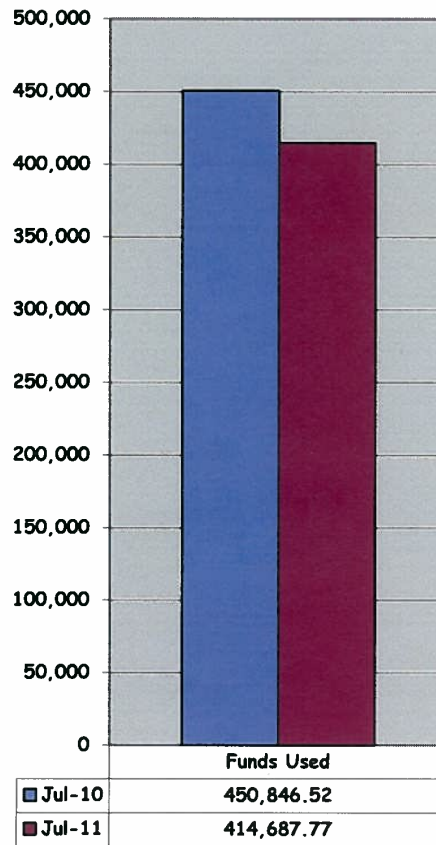
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PROVIDE • PROTECT • PROMOTE

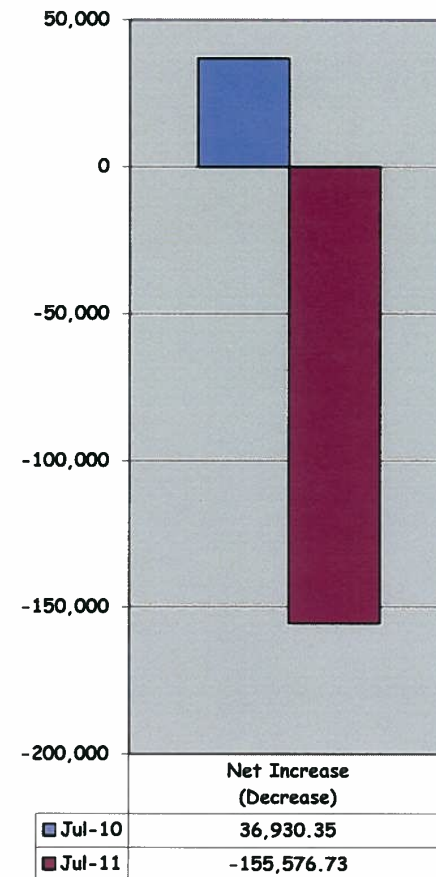
Source of Funds Comparison
July 2010 July 2011



Funds Used Comparison
July 2010 July 2011



Net Increase (Decrease)
July 2010 July 2011



01 -GENERAL FUND
 FINANCIAL SUMMARY

% OF YEAR COMPLETED: 08.33

	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<u>REVENUE SUMMARY</u>						
REVENUES	4,714,640	300,615.73	300,615.73	0.00	4,414,024.27	6.38
TOTAL REVENUES	4,714,640	300,615.73	300,615.73	0.00	4,414,024.27	6.38
<u>EXPENSE SUMMARY</u>						
Production	854,867	19,267.49	19,267.49	0.00	835,599.51	2.25
Distribution	508,987	21,050.78	21,050.78	0.00	487,936.22	4.14
Customer Service	556,812	22,467.78	22,467.78	0.00	534,344.22	4.04
Administration	563,982	25,777.99	25,777.99	0.00	538,204.01	4.57
Engineering	219,677	8,130.66	8,130.66	0.00	211,546.34	3.70
Finance	410,971	17,729.41	17,729.41	0.00	393,241.59	4.31
Personnel	60,945	2,893.39	2,893.39	0.00	58,051.61	4.75
Legal	68,666	0.00	0.00	0.00	68,666.00	0.00
Bonds & Loans	612,979	0.00	0.00	0.00	612,979.00	0.00
Benefits Allocated	0	0.00	0.00	0.00	0.00	0.00
Field Allocated	(1)	0.00	0.00	0.00	(1.00)	0.00
Office allocated	8,001	0.00	0.00	0.00	8,001.00	0.00
TOTAL EXPENSES	3,865,886	117,317.50	117,317.50	0.00	3,748,568.50	3.03
REVENUE OVER/(UNDER) EXPENSES	848,754	183,298.23	183,298.23	0.00	665,455.77	21.60

BOARD REPORT

AS OF: JULY 31ST, 2011

01 -GENERAL FUND

% OF YEAR COMPLETED: 08.33

REVENUES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
01-41010 METERED WATER SALES	1,332,808	173,951.42	173,951.42	0.00	1,158,856.58	13.05
01-41011 CUSTOMER REFUND CLEARING ACCT	0	0.00	0.00	0.00	0.00	0.00
01-41012 ALLOW FOR WAAP/BILLING ADJ (3,529)	0.00	0.00	0.00	(3,529.00)	0.00
01-41015 BASIC FEES	1,338,834	111,673.05	111,673.05	0.00	1,227,160.95	8.34
01-41030 PRIVATE FIRE PROTECTION SERV.	19,410	1,628.64	1,628.64	0.00	17,781.36	8.39
01-41040 SPECIAL SERVICES REVENUE	118,420	9,562.62	9,562.62	0.00	108,857.38	8.08
01-41050 CROSS CONNECTION REVENUE	0	0.00	0.00	0.00	0.00	0.00
01-42100 STANDBY REVENUE-CURRENT	1,163,341	0.00	0.00	0.00	1,163,341.00	0.00
01-42110 UNCOLLECTED STANDBY/CURRENT (250,000)	0.00	0.00	0.00	(250,000.00)	0.00
01-42200 STNBY INCOME PRIOR	161,460	0.00	0.00	0.00	161,460.00	0.00
01-42341 PRIOR YR REFUNDED REVENUE	0	0.00	0.00	0.00	0.00	0.00
01-43000 PROPERTY TAX - G.D.	414,829	0.00	0.00	0.00	414,829.00	0.00
01-43010 PROPERTY TAX I.D. #2	121,500	0.00	0.00	0.00	121,500.00	0.00
01-43020 PROPERTY TAX REVENUE -CMM	256,356	0.00	0.00	0.00	256,356.00	0.00
01-43030 CMM BOND CALL REVENUE	0	0.00	0.00	0.00	0.00	0.00
01-44000 CONNECTION FEES-HYDRANT,ML EXT	0	0.00	0.00	0.00	0.00	0.00
01-44001 MAINLINE REIMBURSEMENT FEES	0	0.00	0.00	0.00	0.00	0.00
01-44010 WATER CAPACITY CHARGES	0	3,460.00	3,460.00	0.00	(3,460.00)	0.00
01-44020 PLAN CHECK/INSPECTION FEES	0	0.00	0.00	0.00	0.00	0.00
01-44025 H ZONE ML REIMB FEES	0	0.00	0.00	0.00	0.00	0.00
01-44030 METER INSTALLATION FEES	0	340.00	340.00	0.00	(340.00)	0.00
01-44035 METER REPAIR REVENUE	0	0.00	0.00	0.00	0.00	0.00
01-44050 SEWER CAPACITY CHARGES	0	0.00	0.00	0.00	0.00	0.00
01-45000 INTEREST REVENUE G.D.	39,678	0.00	0.00	0.00	39,678.00	0.00
01-45010 DIVIDEND INCOME-1ST AMERICAN 3	0	0.00	0.00	0.00	0.00	0.00
01-46100 GRANT REVENUE	0	0.00	0.00	0.00	0.00	0.00
01-47000 MISCELLANEOUS REVENUE	1,533	0.00	0.00	0.00	1,533.00	0.00
01-47010 GAIN/LOSS ON SALE OF ASSETS	0	0.00	0.00	0.00	0.00	0.00
01-47020 CHANGE IN MARKET VALUE	0	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUE	4,714,640	300,615.73	300,615.73	0.00	4,414,024.27	6.38

BOARD REPORT

AS OF: JULY 31ST, 2011

01 -GENERAL FUND

% OF YEAR COMPLETED: 08.33

EXPENSES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<u>Production</u>						
01-501-01115 PRODUCTION SALARY	183,238	6,722.23	6,722.23	0.00	176,515.77	3.67
01-501-02205 WATER TREATMENT EXPENSE	12,923	0.00	0.00	0.00	12,923.00	0.00
01-501-03105 SOURCE OF SUPPLY/WELL MAIN	0	0.00	0.00	0.00	0.00	0.00
01-501-03115 PUMPING PLANT REPAIR & MAI	18,923	2,490.59	2,490.59	0.00	16,432.41	13.16
01-501-03120 TANK & RESERVOIR EXPENSE	186,029	3,199.26	3,199.26	0.00	189,228.26	1.72-
01-501-04005 LABORATORY SERVICES	6,417	0.00	0.00	0.00	6,417.00	0.00
01-501-04010 LEAD/COPPER SAMPLING EXPEN	0	0.00	0.00	0.00	0.00	0.00
01-501-06105 POWER FOR PUMPING (ELECTRI	257,606	0.00	0.00	0.00	257,606.00	0.00
01-501-07005 PROPERTY INSURANCE	66,036	5,397.50	5,397.50	0.00	60,638.50	8.17
01-501-98001 EE BENEFITS ALLOCATED	101,990	6,248.39	6,248.39	0.00	95,741.61	6.13
01-501-98002 FIELD EXPENSES ALLOCATED	21,705	1,608.04	1,608.04	0.00	20,096.96	7.41
01-501-98003 OFFICE EXPENSE ALLOCATED	0	0.00	0.00	0.00	0.00	0.00
01-601-99200 AUTOMATIC CONTROLS	0	0.00	0.00	0.00	0.00	0.00
01-601-99205 BOOSTER/PUMP STATIONS	0	0.00	0.00	0.00	0.00	0.00
01-601-99220 MONITOR WELLS	0	0.00	0.00	0.00	0.00	0.00
01-601-99230 PRODUCTION WELLS	0	0.00	0.00	0.00	0.00	0.00
01-601-99240 PUMPING PLANT	0	0.00	0.00	0.00	0.00	0.00
01-601-99250 SOURCE OF SUPPLY	0	0.00	0.00	0.00	0.00	0.00
01-601-99260 WATER SAMPLING STATIONS	0	0.00	0.00	0.00	0.00	0.00
01-601-99270 WATER SEEPAGE PITS	0	0.00	0.00	0.00	0.00	0.00
01-601-99280 TANKS & RESERVOIRS	0	0.00	0.00	0.00	0.00	0.00
01-601-99450 SHOP TOOLS & EQUIPMENT - P	0	0.00	0.00	0.00	0.00	0.00
01-601-99510 LARGE EQUIPMENT - PROD	0	0.00	0.00	0.00	0.00	0.00
01-601-99550 AUTOMOTIVE - PRODUCTION	0	0.00	0.00	0.00	0.00	0.00
01-601-99600 GROUND WATER SURVEY	0	0.00	0.00	0.00	0.00	0.00
01-601-99610 URBAN GROUND WATER MNGT	0	0.00	0.00	0.00	0.00	0.00
01-601-99750 SOFTWARE & COMPUTERS- PRODUC	0	0.00	0.00	0.00	0.00	0.00
TOTAL Production	854,867	19,267.49	19,267.49	0.00	835,599.51	2.25
<u>Distribution</u>						
01-502-01105 MAIN, VALVE & LEAK SALARY	104,900	4,301.94	4,301.94	0.00	100,598.06	4.10
01-502-01130 DISTRIBUTION SALARY	108,861	4,538.04	4,538.04	0.00	104,322.96	4.17
01-502-01140 CROSS CONNECTION CONTRL SA	41,288	334.28	334.28	0.00	40,953.72	0.81
01-502-02920 INVENTORY-OVER & SHORT	3,168	306.23	306.23	0.00	3,474.23	9.67-
01-502-03105 MAINLINE AND LEAK REPAIR	83,322	1,976.01	1,976.01	0.00	81,345.99	2.37
01-502-03110 EQUIPMENT RENTAL	3,023	226.71	226.71	0.00	2,796.29	7.50
01-502-03130 CROSS CONNECTION CONTROL E	679	0.00	0.00	0.00	679.00	0.00
01-502-04005 CONTRACT LOCATING EXPENSE	4,780	33.57	33.57	0.00	4,746.43	0.70
01-502-98001 EE BENEFITS ALLOCATED	142,786	8,747.75	8,747.75	0.00	134,038.25	6.13
01-502-98002 FIELD EXPENSES ALLOCATED	16,180	1,198.71	1,198.71	0.00	14,981.29	7.41
01-502-98003 OFFICE EXPENSE ALLOCATED	0	0.00	0.00	0.00	0.00	0.00
01-602-99210 MAINLINES & FIRE HYDRANTS	0	0.00	0.00	0.00	0.00	0.00
01-602-99220 METERS	0	0.00	0.00	0.00	0.00	0.00
01-602-99450 SHOP TOOLS & EQUIPMNT - DI	0	0.00	0.00	0.00	0.00	0.00
01-602-99550 AUTOMOTIVE - DISTRIBUTION	0	0.00	0.00	0.00	0.00	0.00
01-602-99580 LARGE EQUIPMENT - DISTRIBU	0	0.00	0.00	0.00	0.00	0.00
TOTAL Distribution	508,987	21,050.78	21,050.78	0.00	487,936.22	4.14

BOARD REPORT

AS OF: JULY 31ST, 2011

01 -GENERAL FUND

% OF YEAR COMPLETED: 08.33

EXPENSES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<u>Customer Service</u>						
01-503-01105 FIELD SALRY - CUSTOMER SER	111,934	1,709.25	1,709.25	0.00	110,224.75	1.53
01-503-01110 OFFICE SALARY - CUSTOMER S	94,439	3,248.88	3,248.88	0.00	91,190.12	3.44
01-503-01135 STANDBY SALARY	21,934	1,285.48	1,285.48	0.00	20,648.52	5.86
01-503-03105 METER SERVICE REPAIR	15,929	427.47	427.47	0.00	15,501.53	2.68
01-503-04005 PLAN CHECK/INSPECTION	0	0.00	0.00	0.00	0.00	0.00
01-503-07005 CREDIT CARD FEES	7,448	1,505.08	1,505.08	0.00	5,942.92	20.21
01-503-07010 BAD DEBT	20,400	0.00	0.00	0.00	20,400.00	0.00
01-503-07015 PUBLIC INFORMATION	44,737	1,688.40	1,688.40	0.00	43,048.60	3.77
01-503-07020 WATER CONSERVATION EXPENSE	18,727	0.00	0.00	0.00	18,727.00	0.00
01-503-98001 EE BENEFITS ALLOCATED	115,589	7,081.51	7,081.51	0.00	108,507.49	6.13
01-503-98002 FIELD EXPENSES ALLOCATED	1,579	116.95	116.95	0.00	1,462.05	7.41
01-503-98003 OFFICE EXPENSE ALLOCATED	104,096	5,404.76	5,404.76	0.00	98,691.24	5.19
01-603-99400 METER READING EQUIPMENT	0	0.00	0.00	0.00	0.00	0.00
TOTAL Customer Service	556,812	22,467.78	22,467.78	0.00	534,344.22	4.04
<u>Administration</u>						
01-504-01105 ADMINISTRATION SALARY	238,578	9,420.19	9,420.19	0.00	229,157.81	3.95
01-504-01115 DIRECTORS SALARY	0	868.15	868.15	0.00	868.15	0.00
01-504-01205 DIRECTORS EXPENSE	23,465	0.00	0.00	0.00	23,465.00	0.00
01-504-01210 DIRECTORS / C.A.C. EDUCATI	9,693	194.84	194.84	0.00	9,498.16	2.01
01-504-01215 TRAINING EXPENSE	16,994	175.00	175.00	0.00	16,819.00	1.03
01-504-04005 LOBBYIST	42,000	0.00	0.00	0.00	42,000.00	0.00
01-504-04010 PROJECT FEASIBILITY STUDIE	0	0.00	0.00	0.00	0.00	0.00
01-504-04015 CMC DEMO PROJECT CLEARING	0	0.00	0.00	0.00	0.00	0.00
01-504-04017 CIMIS STATION CLEARING ACC	0	0.00	0.00	0.00	0.00	0.00
01-504-07000 MISCELLANEOUS EXPENSE	2,467	116.52	116.52	0.00	2,350.48	4.72
01-504-07005 BUSINESS EXPENSE	16,062	1,271.37	1,271.37	0.00	14,790.63	7.92
01-504-07006 SUBSCRIPTIONS	3,111	606.04	606.04	0.00	2,504.96	19.48
01-504-07010 EMERGENCY PREPAREDNESS	7,555	0.00	0.00	0.00	7,555.00	0.00
01-504-07015 OUTSIDE SERVICES	31,112	3,512.01	3,512.01	0.00	27,599.99	11.29
01-504-07016 MEMBERSHIP FEES & DUES	18,031	300.00	300.00	0.00	17,731.00	1.66
01-504-98001 EE BENEFITS ALLOCATED	135,987	8,331.19	8,331.19	0.00	127,655.81	6.13
01-504-98002 FIELD EXPENSES ALLOCATED	0	0.00	0.00	0.00	0.00	0.00
01-504-98003 OFFICE EXPENSE ALLOCATED	18,927	982.68	982.68	0.00	17,944.32	5.19
01-604-99100 LAND & EASEMENT	0	0.00	0.00	0.00	0.00	0.00
01-604-99300 BUILDINGS	0	0.00	0.00	0.00	0.00	0.00
01-604-99320 DEMO GARDEN	0	0.00	0.00	0.00	0.00	0.00
01-604-99450 OFFICE FURNITURE & EQUIPME	0	0.00	0.00	0.00	0.00	0.00
01-604-99600 STRATEGIC PLAN DEV	0	0.00	0.00	0.00	0.00	0.00
01-604-99610 VULNERABILITY ASSESSMENT	0	0.00	0.00	0.00	0.00	0.00
01-604-99620 WASTE WATER FEASIBILITY ST	0	0.00	0.00	0.00	0.00	0.00
01-604-99630 WATER AVAILABILITY EVALUAT	0	0.00	0.00	0.00	0.00	0.00
01-604-99640 DEMOGRAPHIC SURVEY	0	0.00	0.00	0.00	0.00	0.00
01-604-99650 GROUND WATER MONITORING PL	0	0.00	0.00	0.00	0.00	0.00
01-604-99660 RATE STUDIES	0	0.00	0.00	0.00	0.00	0.00
01-604-99900 WASTEWATER SYSTEM & STARTU	0	0.00	0.00	0.00	0.00	0.00
TOTAL Administration	563,982	25,777.99	25,777.99	0.00	538,204.01	4.57

BOARD REPORT

AS OF: JULY 31ST, 2011

01 -GENERAL FUND

% OF YEAR COMPLETED: 08.33

EXPENSES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
<u>Engineering</u>						
01-505-01105 ENGINEERING/GIS/IT SALARY	83,299	2,555.81	2,555.81	0.00	80,743.19	3.07
01-505-02305 MAPS/DRAFTING SUPPLIES	1,616	0.00	0.00	0.00	1,616.00	0.00
01-505-04005 ENGINEERING SERVICES	60,000	0.00	0.00	0.00	60,000.00	0.00
01-505-04010 MAPPING SYSTEM UPGRADES	8,240	1,676.25	1,676.25	0.00	6,563.75	20.34
01-505-98001 EE BENEFITS ALLOCATED	47,595	2,915.92	2,915.92	0.00	44,679.08	6.13
01-505-98002 FIELD EXPENSES ALLOCATED	0	0.00	0.00	0.00	0.00	0.00
01-505-98003 OFFICE EXPENSE ALLOCATED	18,927	982.68	982.68	0.00	17,944.32	5.19
01-605-99400 ENGINEERING EQUIPMENT	0	0.00	0.00	0.00	0.00	0.00
01-605-99410 MAPPING SYSTEM	0	0.00	0.00	0.00	0.00	0.00
01-605-99600 WATER MASTER PLAN	0	0.00	0.00	0.00	0.00	0.00
01-605-99700 WATER MODEL ASSESSMENT H2O	0	0.00	0.00	0.00	0.00	0.00
01-605-99750 SOFTWARE & COMPUTERS	0	0.00	0.00	0.00	0.00	0.00
TOTAL Engineering	219,677	8,130.66	8,130.66	0.00	211,546.34	3.70
<u>Finance</u>						
01-506-01100 FINANCE SALARY	225,760	8,265.97	8,265.97	0.00	217,494.03	3.66
01-506-04005 ACCOUNTING SERVICES	24,970	0.00	0.00	0.00	24,970.00	0.00
01-506-98001 EE BENEFITS ALLOCATED	122,388	7,498.07	7,498.07	0.00	114,889.93	6.13
01-506-98002 FIELD EXPENSES ALLOCATED	0	0.00	0.00	0.00	0.00	0.00
01-506-98003 OFFICE EXPENSE ALLOCATED	37,853	1,965.37	1,965.37	0.00	35,887.63	5.19
TOTAL Finance	410,971	17,729.41	17,729.41	0.00	393,241.59	4.31
<u>Personnel</u>						
01-507-01100 PERSONNEL SALARY	26,455	958.93	958.93	0.00	25,496.07	3.62
01-507-01115 UNION & LABOR NEGOT. SALAR	0	0.00	0.00	0.00	0.00	0.00
01-507-01120 SAFETY SALARY	9,382	610.00	610.00	0.00	8,772.00	6.50
01-507-01905 EMPLOYMENT RECRUITING EXPE	2,046	0.00	0.00	0.00	2,046.00	0.00
01-507-01910 LABOR NEGOTIATION EXPENSE	0	0.00	0.00	0.00	0.00	0.00
01-507-98001 EE BENEFITS ALLOCATED	13,599	833.12	833.12	0.00	12,765.88	6.13
01-507-98002 FIELD EXPENSES ALLOCATED	0	0.00	0.00	0.00	0.00	0.00
01-507-98003 OFFICE EXPENSE ALLOCATED	9,463	491.34	491.34	0.00	8,971.66	5.19
01-607-99600 PERSONNEL MANUAL/CLASS STU	0	0.00	0.00	0.00	0.00	0.00
TOTAL Personnel	60,945	2,893.39	2,893.39	0.00	58,051.61	4.75
<u>Legal</u>						
01-508-04000 LEGAL SERVICES	68,666	0.00	0.00	0.00	68,666.00	0.00
TOTAL Legal	68,666	0.00	0.00	0.00	68,666.00	0.00
<u>Bonds & Loans</u>						
01-509-08105 BOND PAYABLE PRINCP 1997 B	0	0.00	0.00	0.00	0.00	0.00
01-509-08110 I.D. #2 BONDS PYBLE-PRINCI	100,000	0.00	0.00	0.00	100,000.00	0.00
01-509-08115 CMM PRINCIPAL	84,000	0.00	0.00	0.00	84,000.00	0.00
01-509-08120 MORONGO BASIN PIPELINE	228,642	0.00	0.00	0.00	228,642.00	0.00
01-509-08150 MWA OPERATION & MAINT.	0	0.00	0.00	0.00	0.00	0.00
01-509-08205 INTEREST EXPENSE - 1997 BO	0	0.00	0.00	0.00	0.00	0.00
01-509-08210 INTEREST EXPENSE I.D. #2	21,500	0.00	0.00	0.00	21,500.00	0.00
01-509-08215 INTEREST EXPENSE - CMM	160,356	0.00	0.00	0.00	160,356.00	0.00
01-509-08220 INTEREST EXPENSE-UTILITY S	0	0.00	0.00	0.00	0.00	0.00

BOARD REPORT

AS OF: JULY 31ST, 2011

01 -GENERAL FUND

% OF YEAR COMPLETED: 08.33

EXPENSES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
01-509-08305 TRUSTEE FEES - 1997 BONDS	2,575	0.00	0.00	0.00	2,575.00	0.00
01-509-08310 ANALYTICAL SERVICES 1997 B	2,591	0.00	0.00	0.00	2,591.00	0.00
01-509-08315 ID #2 BONDS COLLECTION CHA	346	0.00	0.00	0.00	346.00	0.00
01-509-08320 GENERAL TAX COLLECTION CHA	969	0.00	0.00	0.00	969.00	0.00
01-509-08325 ADMINISTRATION - CMM	12,000	0.00	0.00	0.00	12,000.00	0.00
01-509-08910 AMORTIZATION OF BOND DEFER	0	0.00	0.00	0.00	0.00	0.00
01-509-08911 AMORTIZATION OF BOND DISCO	0	0.00	0.00	0.00	0.00	0.00
01-509-08912 AMORTIZATION BOND ISSUE CO	0	0.00	0.00	0.00	0.00	0.00
TOTAL Bonds & Loans	612,979	0.00	0.00	0.00	612,979.00	0.00
<u>Benefits Allocated</u>						
01-551-01105 CONTRA SALARY-CAFE PLAN RE	0	0.00	0.00	0.00	0.00	0.00
01-551-01205 EMPLOYEE EDUCATION	262	0.00	0.00	0.00	262.00	0.00
01-551-01210 COMPENSATED LEAVE	185,000	16,298.72	16,298.72	0.00	168,701.28	8.81
01-551-01215 CAFETERIA PLAN EXPENSE	195,750	8,885.00	8,885.00	0.00	186,865.00	4.54
01-551-01220 GROUP INSURANCE EXPENSE	6,562	852.53	852.53	0.00	5,709.47	12.99
01-551-01225 WORKERS COMPENSATION INSUR	28,000	0.00	0.00	0.00	28,000.00	0.00
01-551-01230 RETIREMENT	149,304	11,145.03	11,145.03	0.00	138,158.97	7.46
01-551-01235 VEHICLE ALLOWANCE SALARY	0	0.00	0.00	0.00	0.00	0.00
01-551-01240 UNIFORMS	6,770	0.00	0.00	0.00	6,770.00	0.00
01-551-01245 ALLOWANCE AND ADJUSTMENTS	0	0.00	0.00	0.00	0.00	0.00
01-551-01305 PAYROLL TAXES	108,285	4,474.67	4,474.67	0.00	103,810.33	4.13
01-551-98000 ALLOCATED EXPENSES	(679,933)	(41,655.95)	(41,655.95)	0.00	(638,277.05)	6.13
TOTAL Benefits Allocated	0	0.00	0.00	0.00	0.00	0.00
<u>Field Allocated</u>						
01-552-02205 SHOP EXPENSE - COMBINED	11,222	780.10	780.10	0.00	10,441.90	6.95
01-552-02210 SMALL TOOLS EXPENSE - COMB	10,404	0.00	0.00	0.00	10,404.00	0.00
01-552-02215 SAFETY EXPENSE	5,132	0.00	0.00	0.00	5,132.00	0.00
01-552-03205 TRACTOR/TOOL REPAIR	4,145	0.00	0.00	0.00	4,145.00	0.00
01-552-03905 BUILDING REPAIR & MAINT.	28,787	1,076.98	1,076.98	0.00	27,710.02	3.74
01-552-05005 FUEL-VEHICLES	36,494	0.00	0.00	0.00	36,494.00	0.00
01-552-05010 AUTO EXPENSE	27,050	737.66	737.66	0.00	26,312.34	2.73
01-552-05015 EQUIPMENT CLEARING ACCOUN	(1,718)	0.00	0.00	0.00	(1,718.00)	0.00
01-552-06305 COMMUNICATIONS	10,305	328.96	328.96	0.00	9,976.04	3.19
01-552-07005 REGULATORY, PERMITS, ETC	8,115	0.00	0.00	0.00	8,115.00	0.00
01-552-07010 OVERHEAD 17 (OTHER-90)	(96,093)	0.00	0.00	0.00	(96,093.00)	0.00
01-552-07015 OVERHEAD 16 (LABOR-80)	(4,381)	0.00	0.00	0.00	(4,381.00)	0.00
01-552-98000 ALLOCATED EXPENSES	(39,463)	(2,923.70)	(2,923.70)	0.00	(36,539.30)	7.41
TOTAL Field Allocated	(1)	0.00	0.00	0.00	(1.00)	0.00
<u>Office allocated</u>						
01-553-01405 TEMPORARY LABOR FEES	22,870	(837.20)	(837.20)	0.00	23,707.20	3.66
01-553-02105 OFFICE SUPPLIES & EQUIPMEN	31,212	824.74	824.74	0.00	30,387.26	2.64
01-553-02110 POSTAGE	22,866	38.98	38.98	0.00	22,827.02	0.17
01-553-04005 COMPUTER PROGRAMMING EXPEN	2,719	0.00	0.00	0.00	2,719.00	0.00
01-553-04010 OFFICE EQUIP - REPAIR & MA	35,658	2,737.94	2,737.94	0.00	32,920.06	7.68
01-553-04015 SYSTEM ADMINISTRATION	49,359	3,755.00	3,755.00	0.00	45,604.00	7.61
01-553-06205 TELEPHONE AND UTILITIES	32,583	3,307.37	3,307.37	0.00	29,275.63	10.15
01-553-98000 ALLOCATED EXPENSES	(189,266)	(9,826.83)	(9,826.83)	0.00	(179,439.17)	5.19
TOTAL Office allocated	8,001	0.00	0.00	0.00	8,001.00	0.00

JOSHUA BASIN WATER DISTRICT
BOARD REPORT
AS OF: JULY 31ST, 2011

01 -GENERAL FUND

% OF YEAR COMPLETED: 08.33

EXPENSES	CURRENT BUDGET	CURRENT PERIOD	YEAR TO DATE ACTUAL	TOTAL ENCUMBERED	BUDGET BALANCE	% YTD BUDGET
TOTAL EXPENSES	3,865,886	117,317.50	117,317.50	0.00	3,748,568.50	3.03
REVENUE OVER/(UNDER) EXPENSES	848,754	183,298.23	183,298.23	0.00	665,455.77	21.60

CHECK NO	CHECK DATE	STATUS	VENDOR INFO			CHECK AMOUNT
049986	7/01/2011	R	001004	BANK OF AMERICA		
			I-BA0711	DIR EDUC/SHOP EXP/OFC SPLY		422.22

						422.22
049987	7/01/2011	R	001002	BUSINESS CARD		
			I-BA0711	COURT FEES/BUSINESS EXPENSE		407.38

						407.38
*049989	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061258	WEST, HANNAH	:US REFUND	17.42

						17.42
049990	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061259	SPIRES, CORY M	:US REFUND	41.11

						41.11
049991	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061260	BITNER, QUINTON M	:US REFUND	22.99

						22.99
049992	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061261	DANA DESSELLE 401 K	:US REFUND	49.45

						49.45
049993	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061262	JONES, REBECCA	:US REFUND	11.30

						11.30
049994	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061263	BAILEY, JOSHUA	:US REFUND	33.04

						33.04
049995	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061264	GOODRICH, DAVID	:US REFUND	36.83

						36.83
049996	7/06/2011	R	1	CUSTOMER REFUNDS (MISC.)		
			I-000201107061265	SLOTTA, RYAN P	:US REFUND	27.41

						27.41

CHECK NO	CHECK DATE	STATUS	VENDOR INFO			CHECK AMOUNT
049997	7/06/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107061266	SALAS, MARIE	:US REFUND	23.53

						23.53
049998	7/06/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107061267	GORDON, SCOTT	:US REFUND	48.32

						48.32
049999	7/06/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107061268	POLAND, JEFFREY	:US REFUND	55.54

						55.54
050000	7/06/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107061269	DRAKE, JOHN S	:US REFUND	39.26

						39.26
050001	7/06/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107061270	ASHKENASY, HARRISON	:US REFUND	51.65

						51.65
050002	7/08/2011	R	000675	AQUA-METRIC SALES COMPANY		
			I-0038493-IN	INVENTORY		2,465.32

						2,465.32
050003	7/08/2011	R	001010	BARR LUMBER COMPANY, INC		
			I-9543342	FLOW METER REFURBISH		11.52

						11.52
050004	7/08/2011	R	001460	SHIRLEY BOLHA		
			I-SB063011	REIMBURSE MILEAGE		19.38

						19.38
050005	7/08/2011	R	001455	BRITHINEE ELECTRIC		
			I-158992	PUMPING PLANT MAINT		642.48

						642.48
050006	7/08/2011	R	001540	F.C. COMPTON DBA C & S		
			I-14967	PUMPING PLANT MAINT		949.37

						949.37

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050007	7/08/2011	R	001526	CANYON AUTO SERVICES, INC	
			I-5724	VEHICLE REPAIRS	319.36

					319.36
050008	7/08/2011	R	001560	CENTURY FORMS, INC.	
			I-70103	WATER APPLICATIONS	880.00

					880.00
050009	7/08/2011	R	001595	CHEM-TECH INTERNATIONAL, INC.	
			I-jbwd139	WATER TREATMENT EXPENSE	1,223.76

					1,223.76
050010	7/08/2011	R	002213	JOHN ZACCARIA	
			C-EDD070811	LEVY REMITTANCE	269.15CR
			I-6613	OFFICE SUPPLIES	609.21
			I-6677	OFFICE SUPPLIES	96.79

					436.85
050011	7/08/2011	R	000177	JEFFREY MARC ALPIN	
			I-375	DRIVEWAY REPAIR	1,250.00

					1,250.00
050012	7/08/2011	R	002565	DUDEK AND ASSOCIATES, INC	
			I-20110025	ENG SERV: E1/D2	6,480.00
			I-20110405	ENG SERV: E1/D2	4,500.00
			I-20111083	ENG SERV: E1/D2	1,820.00

					12,800.00
050013	7/08/2011	R	000178	EMPLOYMENT DEVELOPMENT DEPT	
			I-EDD070811	LEVY REMITTANCE	269.15

					269.15
050014	7/08/2011	R	000156	MICHAEL JEAN KLUTTS	
			I-20110510-110	FLOWMETER REFURBISH	927.91
			I-20110620-123	TELEMETRY MAINTENANCE	136.20

					1,064.11
050015	7/08/2011	R	000109	PATRICIA FREEMAN	
			I-PF063011	MILEAGE REIMBURSEMENT	53.86

					53.86

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050016	7/08/2011	R	004051	HEWLETT-PACKARD COMPANY	
			I-49681633	FILE SERVER PROJECT	601.47
			I-49692797	FILE SERVER PROJECT	2,869.56

					3,471.03
050017	7/08/2011	R	009897	THE MALLANTS CORPORATION	
			I-1910000625	TEMPORARY LABOR	669.76

					669.76
050018	7/08/2011	R	006200	HELEN A. MCALLISTER	
			I-5545B	JANITORIAL SERVICES - JUN	580.00

					580.00
050019	7/08/2011	R	000070	ONLINE INFORMATION SERVICES, INC.	
			I-344886	ID VERIF. SERV. THRU 6/30/2011	384.60

					384.60
050020	7/08/2011	R	008405	PRECISION ASSEMBLY	
			I-14479	JUNE WATER BILL/PUBL INFO/CCR	2,975.72
			I-144901	PUBLIC INFO 8/31/10 - 5/31/11	863.50

					3,839.22
050021	7/08/2011	R	008414	ROBERT L. STEPHENSON	
			I-1484	VIDEO TAPING BD MEETINGS - JUN	200.00

					200.00
050022	7/08/2011	R	008415	PRUDENTIAL OVERALL SPLY.	
			I-20351488	SHOP EXPENSE	87.02

					87.02
050023	7/08/2011	R	009878	SOUTHERN CALIFORNIA EDISON	
			I-SCE0611A	POWER FOR PUMPING - JUNE 11	23,991.88

					23,991.88
050024	7/08/2011	R	010850	UNDERGROUND SERVICE ALERT	
			I-620110329	TICKET DELIVERY SERVICE - JUN	28.50

					28.50
050025	7/08/2011	R	010990	UTILIQUEST L.L.C.	
			I-169456-Q	CONTRACT LOCATING EXPENSE	62.07

					62.07

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050026	7/08/2011	R	012020	XEROX CORPORATION	
			I-055852943	OFFICE EXPENSE 3/22/11-6/30/11	2,034.41

					2,034.41
050027	7/08/2011	R	000505	ACWA	
			I-ACWA0811	EE ASSISTANCE PROGRAM-AUG11	74.34

					74.34
050028	7/08/2011	R	000145	CALIFORNIA STATE DISBURSEMENT UNIT	
			I-070811	EE REMITTANCE	198.92

					198.92
050029	7/08/2011	R	001555	CENTRATTEL	
			I-110703192101	DISPATCH SERVICES-JULY 11	224.37

					224.37
050030	7/08/2011	R	001865	COMPUTER GALLERY	
			I-JWPO4039	DOWNPAYMENT: FILE SERVER PROJ	5,366.99

					5,366.99
050031	7/08/2011	R	001898	STEPHEN CORBIN	
			I-SC070511	REIMB: D2 RECERTIFICATION	60.00

					60.00
050032	7/08/2011	R	001945	COUNTY OF SAN BERNARDINO SHERIFF DEPARTMENT	
			I-SD070711	DEPUTY SERVICE: 7/06/11 BD MTG	191.20

					191.20
050033	7/14/2011	R	001630	AT&T MOBILITY	
			I-829480028X07052011	COMMUNICATIONS- JUNE11	614.03

					614.03
050034	7/14/2011	R	001003	BAKERSFIELD WELL & PUMP	
			I-BW062211	MAINTENANCE: WELL 10	3,000.00

					3,000.00
050035	7/14/2011	R	001528	CARPI & CLAY, INC	
			I-CC0611	LOBBYIST - JUNE 11	3,500.00

					3,500.00

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050036	7/14/2011	R	001850	CLINICAL LAB OF S.B. INC	
			I-915476	SAMPLING - JUNE 11	534.00

					534.00
050037	7/14/2011	R	002003	D & B INDUSTRIAL SAFETY	
			I-17830	SAFETY EXPENSE	399.22
			I-17865	SAFETY EXPENSE	178.34

					577.56
050038	7/14/2011	R	000180	DESIGN WEST ENGINEERING, INC.	
			I-8695	ENG INSP SERV: E1/D2	3,000.00

					3,000.00
050039	7/14/2011	R	002525	JEFF DROZD	
			I-JD062911	MAPPING SYSTEM UPGRADES	506.25

					506.25
050040	7/14/2011	R	002565	DUDEK AND ASSOCIATES, INC	
			I-20111843	ENGINEER SERV: RECHARGE/H-TANK	2,120.00

					2,120.00
050041	7/14/2011	R	004152	HI-DESERT STAR	
			I-104453	EE RECRUITING EXPENSE	129.25

					129.25
050042	7/14/2011	R	004201	SCOTT HUDSON	
			I-SH070611	REIMB: MILEAGE	66.30

					66.30
050043	7/14/2011	R	000134	KENNEDY/JENKS CONSULTANTS, INC.	
			I-57297	CONSULTING: URBAN WTR MGMT PLN	5,180.90

					5,180.90
050044	7/14/2011	R	005621	KENNY STRICKLAND, INC	
			I-6031594	FUEL FOR VEHICLES	2,989.37
			I-6031595	FUEL FOR VEHICLES	1,052.19

					4,041.56
050045	7/14/2011	R	009054	KATHLEEN J. RADNICH	
			I-7/03/11-72a	PUBLIC RELATIONS SERVICES	97.20

					97.20

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050046	7/14/2011	R	009072	LAW OFFICES REDWINE AND SHERRILL	
			I-RS0611	LEGAL SERVICES - JUNE 11	14,037.12

					14,037.12
050047	7/14/2011	R	000130	SCHAEFFER MANUFACTURING COMPANY	
			I-NX1456-INV1	SHOP EXPENSE	159.85

					159.85
050048	7/14/2011	R	010690	TYLER TECHNOLOGIES	
			I-15984	INSITE TRANS FEES: APR - JUN	1,391.25

					1,391.25
050049	7/14/2011	R	010990	UTILIQUEST L.L.C.	
			I-169791-Q	CONTRACT LOCATING EXPENSE	46.51

					46.51
050050	7/14/2011	R	011510	WELLS TAPPING SERVICE, INC.	
			I-05976	HAULING STATION: HOT TAP	375.00

					375.00
050051	7/14/2011	R	011615	WESTERN EXTERMINATOR CO.	
			I-WE0611	EXTERMINATOR - JUNE 11	68.50
			I-WE0611A	EXTERMINATOR - JUNE 11	29.50

					98.00
050052	7/14/2011	R	000009	WESTERN PUMP, INC.	
			I-0103489-IN	ANNL AQMD 461 TEST: VAPOR RCV	624.91

					624.91
050053	7/14/2011	R	000071	YALE CHASE MATERIALS HANDLING, INC.	
			I-PSV20539	GENERATOR ANNUAL MAINTENANCE	825.94
			I-PSV20542	GENERATOR ANNUAL MAINTENANCE	825.94

					1,651.88
050054	7/14/2011	R	000507	ACWA HEALTH BENEFITS AUTHORITY	
			I-ACWA0811	EE HEALTH BENEFIT - AUG 11	10,913.74

					10,913.74
050055	7/14/2011	R	000950	ASSOCIATION OF THE S.B. CO. SPEC. DISTRICTS	
			I-ASBCSD2011	2011 MEMBERSHIP	200.00

					200.00

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050056	7/14/2011	R	001945	COUNTY OF SAN BERNARDINO SHERIFF DEPARTMENT I-SBD070711	DEPUTY SERVICE: 7/20-09/07/11 850.40 ----- 850.40
050057	7/14/2011	R	002525	JEFF DROZD I-JD071111	MAPPING SYSTEM UPGRADES 956.25 ----- 956.25
050058	7/14/2011	R	002846	ESRI, INC. I-92335330	GIS MAINT PROG 8/24/11-8/23/12 3,131.25 ----- 3,131.25
050059	7/14/2011	R	000058	GARDA CL WEST, INC. I-170-714911	COURIER FEES - JULY 11 427.77 ----- 427.77
050060	7/14/2011	R	003505	LORI PARKER I-4604 I-4615	VEHICLE REPAIR VEHICLE REPAIR 12.00 699.39 ----- 711.39
050061	7/14/2011	R	004195	HOME DEPOT CREDIT SERVICES I-HD0711	PUMPING PLT/BLDG RPR/SHOP EXP 1,545.65 ----- 1,545.65
050062	7/14/2011	R	007500	NORTHAMERICAN TRANSPORTATION I-20745	ALCOHOL TESTING-3RD QTR 2011 37.32 ----- 37.32
050063	7/14/2011	R	009054	KATHLEEN J. RADNICH I-07/03/11-72b I-07/10/11-73	PUBLIC RELATIONS SERVICES PUBLIC RELATIONS SERVICES 306.00 331.20 ----- 637.20
050064	7/14/2011	R	003595	VERIZON CALIFORNIA I-V0711	TELEPHONE (SHOP) - JULY 11 328.96 ----- 328.96
050065	7/18/2011	R	1	CUSTOMER REFUNDS (MISC.) I-000201107181271	HERNANDEZ, FRANCISCO:US REFUND 10.26 ----- 10.26

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050066	7/18/2011	R 1	CUSTOMER REFUNDS (MISC.)		
			I-000201107181272	LAZAROVITZ, SHILO :US REFUND	27.08

					27.08
050067	7/18/2011	R 1	CUSTOMER REFUNDS (MISC.)		
			I-000201107181273	ALKIRE, GREGORY R :US REFUND	70.31

					70.31
050068	7/18/2011	R 1	CUSTOMER REFUNDS (MISC.)		
			I-000201107181274	FIRST CHOICE PROPERT:US REFUND	72.21

					72.21
050069	7/18/2011	R 1	CUSTOMER REFUNDS (MISC.)		
			I-000201107181275	NORMAN, DOREEN :US REFUND	87.54

					87.54
050070	7/18/2011	R 1	CUSTOMER REFUNDS (MISC.)		
			I-000201107181276	GEBO, CHRISTOPHER :US REFUND	52.76

					52.76
050071	7/18/2011	R 1	CUSTOMER REFUNDS (MISC.)		
			I-000201107181277	HAGARTY, DAN :US REFUND	66.03

					66.03
050072	7/18/2011	R 1	CUSTOMER REFUNDS (MISC.)		
			I-000201107181278	COTTER, COY L :US REFUND	43.18

					43.18
050073	7/22/2011	R	000501 ACWA/JPIA		
			I-JPAI063011	WORKERS COMP APR-JUN 2011	7,514.69

					7,514.69
050074	7/22/2011	R	000656 AMERICAN HERITAGE LIFE INS CO.		
			I-ALLO611	EE LIFE INSURANCE - JUNE 11	382.14

					382.14
050075	7/22/2011	R	002853 ENVIRONMENTAL SCIENCE ASSOC.		
			I-94011	EPA GRANT - RECHARGE	1,880.00

					1,880.00

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050076	7/22/2011	R	004051	HEWLETT-PACKARD COMPANY	
			I-49744004	FILE SERVER PROJECT	5,732.54

					5,732.54
050077	7/22/2011	R	000134	KENNEDY/JENKS CONSULTANTS, INC.	
			I-57607	CONSULTING: WATER SUPPLY ASSES	134.92

					134.92
050078	7/22/2011	R	006029	LIEBERT CASSIDY WHITMORE	
			I-134644	LEGAL SERVICES - JUNE 11	108.00
			I-134645	LEGAL SERV: EE MATTERS JUNE11	906.00
			I-134646	LEGAL SERV: EE MATTERS JUNE11	1,041.00

					2,055.00
050079	7/22/2011	R	008200	PITNEY BOWES INC.	
			I-6901144-JU11	LEASING CHARGES - 2ND QTR 11	318.00

					318.00
050080	7/22/2011	R	000998	AWWA, CA-NV SECTION	
			I-AWWA071511	WATER DISTRIB REVIEW D-2 CLASS	175.00

					175.00
050081	7/22/2011	R	000181	BASIN WIDE FOUNDATION	
			I-BWF0711	ANNUAL MEMBERSHIP	100.00

					100.00
050082	7/22/2011	R	000145	CALIFORNIA STATE DISBURSEMENT UNIT	
			I-072211	EE REMITTANCE	198.92

					198.92
050083	7/22/2011	R	001933	COUNTY OF SAN BERNARDINO	
			I-3793	LAFCO 2011-2012 BUDGET	2,003.15

					2,003.15
050084	7/22/2011	R	001865	COMPUTER GALLERY	
			I-305874	PLAT. MAINTENANCE - AUG 11	2,895.00
			I-305883	BDR BACKUP SERVICE - AUG 11	860.00

					3,755.00
050085	7/22/2011	R	006790	MOBILE MINI, LLC - CA	
			I-941508893	23' RECORD STORAGE RENTAL-OCT	226.71

					226.71

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050086	7/22/2011	R	009880	SOUTHERN CALIFORNIA EDISON CO	
			I-SCE0711	POWER TO BUILDINGS - JULY 11	2,282.33

					2,282.33
050087	7/22/2011	R	003596	SUPERMEDIA LLC	
			I-SM0711	MORONGO BASIN ADVERT - JULY 11	22.00

					22.00
050088	7/22/2011	R	010690	TYLER TECHNOLOGIES	
			I-16583	ONLINE PRODUCTS - JULY 11	185.00

					185.00
050089	7/22/2011	R	003600	VERIZON CALIFORNIA	
			I-V0711	TELEPHONE (OFFICE) - JULY 11	720.36

					720.36
050090	7/26/2011	R	1	CUSTOMER REFUNDS (MISC.)	
			I-000201107261279	BENNEFIELD, TAYLOR :US REFUND	23.33

					23.33
050091	7/26/2011	R	1	CUSTOMER REFUNDS (MISC.)	
			I-000201107261280	DIAZ, ALEXANDER :US REFUND	48.01

					48.01
050092	7/26/2011	R	1	CUSTOMER REFUNDS (MISC.)	
			I-000201107261281	COLLETT, COREY A :US REFUND	48.00

					48.00
050093	7/26/2011	R	1	CUSTOMER REFUNDS (MISC.)	
			I-000201107261282	BARREDA, BRANDIE :US REFUND	80.40

					80.40
050094	7/26/2011	R	1	CUSTOMER REFUNDS (MISC.)	
			I-000201107261283	RODRIGUEZ, TIARA :US REFUND	29.91

					29.91
050095	7/26/2011	R	1	CUSTOMER REFUNDS (MISC.)	
			I-000201107261284	CUMMINGS, JENNA :US REFUND	52.29

					52.29

CHECK NO	CHECK DATE	STATUS	VENDOR INFO			CHECK AMOUNT
050096	7/26/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107261285	SOLTES, EVA	:US REFUND	58.89

						58.89
050097	7/26/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107261286	HANLA, TIMOTHY	:US REFUND	52.78

						52.78
050098	7/26/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107261287	OWENS, LINDSEY A	:US REFUND	49.49

						49.49
050099	7/26/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107261288	STALEY, JAMES DENNIS	:US REFUND	41.66

						41.66
050100	7/26/2011	R 1	CUSTOMER REFUNDS (MISC.)			
			I-000201107261289	ADAMS, ERIC	:US REFUND	66.10

						66.10
050101	7/28/2011	R	002565	DUDEK AND ASSOCIATES, INC		
			C-20111974A	CREDIT: 50% E1/D2 OVERAGE		4,597.21CR
			I-20111974	ENG SERV: RCHG/IRONWOOD/HDMC		15,150.00

						10,552.79
050102	7/28/2011	R	000084	JOHNSON POWER SYSTEMS		
			C-PR030031740	CREDIT: ADJ TO QUOTE		1,394.66CR
			I-SW030105757	REPAIR GENERATORS		4,372.97

						2,978.31
050103	7/28/2011	R	005870	KRIEGER & STEWART INC.		
			I-34408	ENGINEERING SERVICES: RECHARGE		5,910.90

						5,910.90
050104	7/28/2011	R	010956	DOI-USGS		
			I-90033177	NITRATE STUDY		18,596.00
			I-90033178	NITRATE STUDY		74,019.65

						92,615.65
050105	7/28/2011	R	000500	ACE ALTERNATORS-		
			I-74393	PUMPING PLANT MAINTENANCE		107.64

						107.64

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050106	7/28/2011	R	000575	AFSCME LOCAL 1902	
			I-AFSCME0711	EE UNION DUES - JULY 11	546.00

					546.00
050107	7/28/2011	R	004110	BURRTEC WASTE & RECYCLING SVCS	
			I-BW0711	RECYCLING - JULY 11	54.63
			I-BW0711A	TRASH REMOVAL - JULY 11	248.81
			I-BW0711B	TRASH REMOVAL - JULY 11	79.92

					383.36
050108	7/28/2011	R	001530	CARQUEST/SOUTHERN AUTO SUPPLY	
			I-7340-367632	SHOP EXPENSE	6.18

					6.18
050109	7/28/2011	R	002525	JEFF DROZD	
			I-JD072511	MAPPING SYSTEM UPGRADES	720.00

					720.00
050110	7/28/2011	R	002845	BLR EMPLOYER ADVISOR, LLC. dba	
			I-1-6377-123-2011	CA EMPLOYER ADV RENEWAL	197.00

					197.00
050111	7/28/2011	R	003505	LORI PARKER	
			I-4642	VEHICLE REPAIRS	15.00

					15.00
050112	7/28/2011	R	004018	HACH COMPANY	
			I-7340223	PUMPING PLANT	828.97

					828.97
050113	7/28/2011	R	004720	INLAND WATER WORKS	
			I-233897	VALVE & HYDRANT MAINT SUPPLIES	161.62

					161.62
050114	7/28/2011	R	007053	NEW LIBERTY ADMINISTRATION	
			I-NL0711	CAFETERIA PLAN - JULY 11	1,181.00

					1,181.00
050115	7/28/2011	R	000159	OASIS OFFICE SUPPLY	
			I-202130-0	PLANS FOR RECHARGE PERMITS	115.78

					115.78

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
050116	7/28/2011	R	008102	OFFICEMAX CONTRACT INC.	
			I-767574	OFFICE SUPPLIES/SHOP EXPENSE	1,079.20

					1,079.20
050117	7/28/2011	R	008415	PRUDENTIAL OVERALL SPLY.	
			I-20358701	SHOP EXPENSE	87.02

					87.02
050118	7/28/2011	R	009054	KATHLEEN J. RADNICH	
			I-7/17/11-74	PUBLIC RELATIONS SERVICES	507.60
			I-7/24/11-75	PUBLIC RELATIONS SERVICES	543.60

					1,051.20
050119	7/28/2011	R	000049	BEN RUFFNER	
			I-BR072511	REIMB: POSTAGE/BUS EXP/MILES	91.32

					91.32
050120	7/28/2011	R	009920	STANDARD INSURANCE CO	
			I-ST0811	EE LIFE INSURANCE - AUG 11	764.21

					764.21
050121	7/28/2011	R	000090	THOMPSON PUBLISHING GROUP	
			I-TPG0711	FAIR LABOR STANDARDS HANDBOOK	409.04

					409.04
050122	7/28/2011	R	000510	TIME WARNER CABLE	
			I-TW0711	CABLE SERVICE - JULY 11	58.31

					58.31
050123	7/28/2011	R	010900	HD SUPPLY FACILITIES MAINTENANCE, LTD. DBA	
			I-441268	PUMPING PLANT SUPPLIES	927.59

					927.59
050124	7/28/2011	R	010990	UTILIQUEST L.L.C.	
			I-17007-Q	CONTRACT LOCATING EXPENSE	31.32
			I-170367-Q	CONTRACT LOCATING EXPENSE	2.25

					33.57
050125	7/28/2011	R	013195	JEFFREY G. ZARTLER	
			I-915729	DEMO GARDEN GROUNDS CLEANUP	60.00
			I-915730	GROUNDS CLEANUP	60.00

					120.00

CHECK NO	CHECK DATE	STATUS	VENDOR INFO		CHECK AMOUNT
*900175	7/11/2011	D	001517	CalPERS	
			I-PPE 07/01/11	PAY PERIOD ENDING 07/01/11	9,836.35

					9,836.35
900176	7/11/2011	D	004800	INTERNAL REVENUE SERVICE	
			I-PD 07/08/11	FED W/H, SOC SEC, MEDICARE	13,172.39

					13,172.39
900177	7/11/2011	D	002822	EMPLOYMENT DEVELOPMENT	
			I-EDD PD 07/08/11	STATE & SDI W/H	2,685.83

					2,685.83
900178	7/25/2011	D	001517	CalPERS	
			I-PPE 07-15-11	PAY PERIOD ENDING 07/15/11	9,850.50

					9,850.50
900179	7/25/2011	D	004800	INTERNAL REVENUE SERVICE	
			I-IRS PD 072211	FED W/H, SOC SEC, MEDICARE	14,297.71

					14,297.71
900180	7/25/2011	D	002822	EMPLOYMENT DEVELOPMENT	
			I-EDD PD 072211	STATE & SDI W/H	2,780.73

					2,780.73
TOTALS:	145				328,859.58

DIRECTOR PAYROLL & REIMBURSEMENTS

JULY 2011

<u>Check Date</u>	<u>Event Date</u>	<u>Event Description</u>	<u>Pay Description</u>	<u>Amount</u>
<u>LONG, WILLIAM C</u>				
07/08/2011	06/09/2011	MILES TO MWA	REIMBURSEMENT	70.89
07/08/2011	06/23/2011	MILES TO MWA	REIMBURSEMENT	70.89
07/22/2011	07/06/2011		DIRECTOR'S FEES	173.63
			Total:	<u>315.41</u>
				=====
<u>LUCKMAN, MICKEY C</u>				
07/08/2011	06/20/2011	MILES: ASBCSD DINNER	REIMBURSEMENT	32.00
07/08/2011	06/20/2011	ASBCSD DINNER	DIRECTOR'S FEES	173.63
07/22/2011	07/06/2011		DIRECTOR'S FEES	173.63
			Total:	<u>379.26</u>
				=====
<u>LUHRS, MICHAEL</u>				
07/22/2011	07/06/2011		DIRECTOR'S FEES	173.63
			Total:	<u>173.63</u>
				=====
<u>REYNOLDS, MICHAEL P</u>				
07/22/2011	07/06/2011		DIRECTOR'S FEES	173.63
			Total:	<u>173.63</u>
				=====
<u>WILSON, GARY L</u>				
07/22/2011	07/06/2011		DIRECTOR'S FEES	173.63
			Total:	<u>173.63</u>
				=====

Grand Total: 1,215.56
=====

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET
AGENDA ITEM

To: President and Board of Directors
From: Susan Greer

September 7, 2011



TOPIC: Board of Directors to Consider Annual Approval of the Investment Policy

RECOMMENDATION: Approve the investment policy.

HISTORY: Another routine matter, the District must annually re-approve the investment policy as required by the Government Code. The Code also requires the preparation of a quarterly investment report, which details the District's investments and earnings. Both requirements were enacted in response to the Orange County bankruptcy matter several years ago in which the County Board of Supervisors was unaware of the shaky investments made by the County Treasurer.

No changes from the last investment policy have been proposed. At this time, all investments are maintained at LAIF (the state of California Local Agency Investment Fund). The small bond payment fund managed by US Bank has been eliminated after the final payoff of the 1997 bonds.

ARTICLE 8
INVESTMENT POLICY

8.01 The Board of Directors of the Joshua Basin Water District hereby adopt an Investment Policy as follows. Any surplus funds or funds held for any length of time for special projects shall only be invested in the following with reputable institutions.

8.01.01 Direct and general obligations (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America) of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests of such obligations. Investments in such proportionate interests must be limited to circumstances wherein;

(a) a bank or trust company acts as custodian and holds the underlying United States obligations;

(b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations and is a corporation rated A or better by Standard & Poors Corporation (S&P) or the equivalent rating by another recognized rating agency; and

(c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated (the obligations described in this paragraph are referred to herein as "United States Obligations").

8.01.02 Obligations issued or guaranteed by the following instrumentalities or agencies of the United States of America:

- (a)** Federal Home Loan Bank system;
- (b)** Export-Import Bank of the United States;
- (c)** Federal Financing Bank;
- (d)** Government National Mortgage Association;
- (e)** Farmers Home Administration;
- (f)** Federal Home Loan Mortgage Company;
- (g)** Federal Housing Administration;
- (h)** Private Export Funding Corp;
- (i)** Federal National Mortgage Association;

- (j) Federal Farm Credit Bank;
- (k) Maritime Administration; and
- (l) Public Housing Corporation.

8.01.03 Pre-refunded municipal obligations meeting the following conditions:

(a) the bonds are

(i) not to be redeemed prior to maturity or the applicable trustee has been given irrevocable instructions concerning their calling and redemption, and

(ii) the applicable issuer has covenanted not to redeem such bonds other than as set forth in such instructions;

(b) the bonds are secured by cash or United States Obligations that may be applied only to interest, principal, and premium payments of such bonds;

(c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the bonds;

(d) The United States Obligations serving as security for the bonds are held by an escrow agent or trustee that has a combined capital and surplus of not less than \$50,000,000 and is either subject to supervision or examination by federal or state authority or that is rated A or better by S&P or the equivalent rating by another recognized rating agency;

(e) the United States Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(f) the municipal obligations are rated AAA by S&P or the equivalent rating by another recognized agency.

8.01.04 Direct and general long-term obligations of any state, to the payment of which the full faith and credit of the state is pledged and that are rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.05 Direct and general short-term obligations of any state, to the payment of which the full faith and credit of the state is pledged and that are

rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.06 Interest-bearing demand or time deposits or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation (FDIC). These deposits or interests must be continuously and fully insured by FDIC and with banks that are rated at least A or better by S&P or the equivalent rating by another recognized rating agency.

8.01.07 Long-term and medium-term corporate debt guaranteed by any corporation that is rated by S&P or the equivalent rating by another recognized rating agency in its three highest rating categories.

8.01.08 Repurchase agreements, the maturities of which are 30 days or less, entered into with financial institutions such as banks or trust companies organized under state law or national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as primary dealers by the Federal Reserve Bank of New York and members of the Security Investors Protection Corporation or with dealers or parent holding companies. The financial institutions, dealers, or parent holding companies must be rated at least A or better by S&P or the equivalent rating by another recognized rating agency. If it is a parent holding company that has the required S&P rating or the equivalent rating by another recognized rating agency, then the counterparty must have combined capital and surplus not less than \$50,000,000. If the counterparty is a parent holding company, then the agreement must be unconditionally guaranteed by a financial institution subsidiary with a combined capital and surplus not less than \$50,000,000. The repurchase agreement must be secured by United States Obligations. The United States Obligations must have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements. The Trustee (who shall not be the provider of the collateral) must have a perfected first lien in, and retain possession of, the collateral. The obligations serving as collateral must be free from all third party liens.

8.01.09 Prime commercial paper of a United States corporation, finance company or banking institution rated in any of the two highest rating categories of S&P or the equivalent rating by another recognized rating agency.

8.01.10 Public housing bonds issued by public agencies. Such bonds must be fully secured by a pledge of annual contributions under a contract with the United States government; temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States; or state or public agency or municipality obligations; provided that all of the above investments are rated in the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.11 Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940) or shares in a regulated investment company (as defined in Section 851(a) of the Internal Revenue Code of 1986, as amended) that is (A) a money market fund that has been rated in the highest rating category by S&P or the equivalent rating by another recognized rating agency, or (B) a money market account of the Trustee or any state or federal bank that is rated A or better by S&P or the equivalent rating by another recognized rating agency or that has a combined capital and surplus of not less than \$50,000,000.

8.01.12 Units of a money market portfolio rated Am or Am-g by S&P or the equivalent rating by another recognized rating agency composed solely of obligations rated Am-g or better by S&P or the equivalent rating by another recognized rating agency having a federal income tax exclusion.

8.01.13 Tax-exempt obligations rated in any of the three highest rating categories by S&P or the equivalent rating by another recognized rating agency.

8.01.14 Units of a taxable government money market portfolio rated at least Am or Am-g by S&P or the equivalent rating by another recognized rating agency composed solely of obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States Government or repurchase agreements collateralized by such obligations.

8.01.15 Certificates of deposit issued by commercial banks, savings and loan associations and mutual savings banks rated A or better by S&P or the equivalent rating by another recognized rating agency and properly secured at all times by collateral security described in paragraphs (1) and (2) above.

8.01.16 The following investments fully insured by the Federal Deposit Insurance Corporation: (a) certificate of deposit, (b) savings accounts, (c) deposit accounts, (d) depository receipts of banks.

8.01.17 Local Agency Investment Fund

Investment Policy Approved September 1, 2010.

JOSHUA BASIN WATER DISTRICT
SUPPLEMENTAL DATA SHEET

Regular Meeting of the Board of Directors

September 7, 2011

Report to: President and Members of the Board
From: Joe Guzzetta, General Manager

TOPIC: AGREEMENT BETWEEN HI DESERT MEDICAL CENTER AND
JOSHUA BASIN WATER DISTRICT FOR PACKAGE WASTE
WATER TREATMENT PLANT

RECOMMENDATION: That the Board approve an agreement between Hi Desert Medical Center (HDMC) and Joshua Basin Water District (JBWD) to provide for a package wastewater treatment to be paid by the HDMC and constructed, owned, and operated by Joshua Basin Water District.

ANALYSIS: In planning for its future expansion the Hi Desert Medical Center anticipates the need to provide waste water treatment to meet the requirements of the Colorado River Basin Region California Water Quality Control Board (Regional Board) and JBWD. In 2009 JBWD adopted its waste water strategy which lays the foundation for addressing the HDMC needs.

In November 2009 JBWD and HDMC agreed to work together toward an agreement that would provide for JBWD to design, construct, own and operate a package waste water treatment plant to serve HDMC, with the cost to be paid by HDMC. **The basic provisions of this agreement are consistent with JBWD's** waste water requirements for all development in Joshua Tree, except that it stretches out or defers the payment of certain fees recognizing that HDMC is a governmental agency, and recognizing the cooperative and mutually beneficial nature of this agreement.

The major points of the agreement are noted below. The attached summary shows more detail. Also attached is the full agreement.

- JBWD will design and construct a 52,000 gallon per day (gpd) average daily flow waste water treatment plant with a maximum flow of 73,000 gpd. This will serve the 23,500 square feet of planned offices and all of the existing HDMC facilities including the Continuing Care Center, except the chillers. The waste water treatment plant has been designed to expand in the future (Phase

2) to bring the total to 104,000 average and 146,000 gpd maximum flow for 100,000 square feet of future hospital facilities.

- HDMC will pay for all costs of constructing the project, which HDMC would incur even absent this agreement.
- HDMC will pay to JBWD a capacity fee of \$1,245,636.36 less a credit of \$126,480 for a net of \$1,119,156.36. Although this fee would normally be required at the onset, the agreement allows HDMC to pay over a period of 16 years with interest at the rate that JBWD would otherwise receive on the funds. This capacity fee is for **the future "central" waste water treatment plant that** JBWD is expected to need to comply with the Regional Board. This fee is required of all similar projects.
- The package waste water treatment plant has a designed life of 15 years, although the life could be longer. JBWD regulations would require HDMC to pay for the replacement over a 15-year period. In lieu of that, this agreement provides for HDMC to pay for the replacement whenever the plant needs to be replaced.
- HDMC will pay a monthly fee for operation and maintenance of the plant.
- **Whenever JBWD constructs the "central plant" the package plant will be abandoned and HDMC will be connected to the "central plant."**
- The design of the plant has already been completed by Dudek & Associates, district engineers for JBWD. It would require about 12 months for construction.

This agreement is mutually beneficial to both agencies. It enables the HDMC to expand its facilities at a cost anticipated to be the same or lower than if it were constructed by HDMC. It relieves HDMC of operating a waste water treatment plant. It furthers the goals of JBWD for clean water by reducing the nitrates that otherwise would enter the ground water, and it provides a prototype of future waste water treatment plants in JBWD consistent with the JBWD Waste Water Strategy.

The agreement has been reviewed by the appropriate committees of the Hi Desert Medical Center and the Joshua Basin Water District and they concur with this recommendation.

EXECUTIVE SUMMARY OF THE PROPOSED WASTE WATER AGREEMENT (“AGREEMENT”) BETWEEN HIGH DESERT MEDICAL CENTER (“HDMC”) AND JOSHUA BASIN WATER DISTRICT (“JBWD”)

- HDMC proposes to expand its Acute Care Hospital in Joshua Tree, California (“Acute Care Facility”). In connection with the expansion, the parties desire to enter into the Agreement wherein JBWD would design, build, own and operate the Phase 1 package waste water treatment plant, subject to HDMC’s right to take over such plant as discussed below, with a 52,000 gallon-per-day (gpd) average daily flow and 73,000 gpd maximum daily flow. Phase 1 of the project is intended to treat waste water from a building addition of 23,500 square feet in addition to all current septic waste from the Acute Care Facility with the exception of water used for the chillers.
- In the future HDMC may construct up to 100,000 square feet of building at the Acute Care Facility which would require Phase 2 of the package waste water treatment plant with a 104,000 gpd average flow and a 146,000 gpd maximum flow. Phase 2 of the project shall also be designed, constructed, owned and operated by JBWD, subject to HDMC’s right to take over such plant as discussed below.
- HDMC would pay for all of the costs to design, build, and operate Phase 1 and Phase 2 of the package treatment plant. HDMC has, in certain circumstances, the ability to abandon or assume responsibility for the planning, design, and/or construction of Phase 1 and/or Phase 2 of the project if the parties are unable to come to agreement at various points on items such as (1) what improvements are to be constructed, (2) the cost of bids for each phase, (3) change orders required during construction,(4) initiation of the Phase 2 improvements, and (5) rates and charges levied by JBWD. The right to abandon or take over the project are subject to the conditions set forth in the Agreement.
- Within 30 days of the effective date of the Agreement HDMC will deposit \$200,000 with JBWD to provide for planning, engineering, advertising, bidding and other costs incurred by JBWD prior to award of the construction contract.
- If HDMC decides to proceed with the design of Phase-2 of the project, HDMC will place a deposit at that time with JBWD for pre-construction costs which amount shall be determined by JBWD.
- JBWD will use commercially reasonable efforts to obtain all licenses, permits, entitlements, consents, or authority to construct the project. HDMC shall have the opportunity to review and comment on plans, bids and change orders in connection with the project. Upon the opening of bids, HDMC shall have the option of (1) approving the bids and depositing with JBWD the construction costs; or (2) taking over the project or (3) abandoning the project (or abandoning Phase 2, if Phase 1 is in effect). The right to abandon or take over the project are subject to the conditions set forth in the Agreement. In the event of (2) or (3) above, HDMC shall pay to JBWD or JBWD may use the deposit to pay all costs incurred by JBWD to date.
- HDMC shall provide an easement at the Acute Care Facility to JBWD of such a size which JBWD considers reasonable, at no cost, for construction, operation and maintenance of the project.
- HDMC shall be responsible, at HDMC’s sole cost and expense, for all CEQA review and approvals.
- During construction, HDMC shall have the opportunity to review, approve, or disapprove all proposed change orders. If disapproved, the Agreement shall terminate if the disapproval is to a Phase 1 change order. If the disapproved change order relates to Phase 2, the Agreement will terminate as to Phase 2. In either event HDMC shall pay to JBWD or JBWD may use the deposit to pay all costs incurred by JBWD to date.

- JBWD may use the services of a construction manager which shall be paid by HDMC.
- If HDMC elects not to use all the capacity herein described and JBWD determines that capacity exists to serve other off-site properties, those off-site properties may be connected to the package treatment plant provided that they reimburse HDMC for their pro-rata share of the costs and expenses incurred by HDMC.
- HDMC shall pay to JBWD a capacity fee required of all similar developments, for the purpose of construction of a future central waste water treatment plant (“Central Plant”). The estimated fee is \$1,245,636.36. JBWD shall apply a credit of \$126,480 thereto resulting in an estimated fee of \$1,119,156.36. Recognizing that HDMC is a governmental agency, and considering the cooperative nature of the Agreement, the fee may be paid over a period of 15 years with interest at a rate comparable to what JBWD receives on its investments.
- HDMC shall pay rates and charges to JBWD for operation of the package treatment plant, subject to the HDMC’s right to take over such plant as discussed above.
- The package treatment plant is anticipated to have a useful life or 15 years. HDMC shall pay to JBWD the *replacement cost* of the package treatment plant over a 15-year period for Phase I of such plant and for Phase 2 if it is constructed. In lieu of making payments for the replacement of the package treatment plant, HDMC will have the option of deferring payments and providing for payment at the time that JBWD determines such plant needs to be replaced. In the event HDMC does not want to pay the replacement costs, HDMC shall take over the package treatment plant subject to the conditions set forth in the Agreement.
- At such time as a Central Plant is constructed, the package treatment plant will be abandoned. HDMC will have the option of paying to remove such plant or retaining such plant.
- The Agreement provides for a penalty of 5% for payments to JBWD that are late, to compensate for additional administrative costs, provided that any costs over \$500 must be documented. The Agreement also provides for interest at the highest of the following (1) a rate equal to the return that JBWD receives on instruments of \$1M; (2) the rate paid by the Local Agency Investment Fund; or (3) costs incurred by a third party contractor if the late payment results in additional contract costs.
- The Agreement provides for disputes to be resolved through a dispute resolution process.

Recording Requested by
When Recorded Return to

JOSHUA BASIN WATER DISTRICT
P O BOX 675
JOSHUA BASIN CA 92252
ATTN: GENERAL MANAGER

(SPACE ABOVE THIS LINE FOR RECORDER'S USE)

APN:

AGREEMENT

THIS AGREEMENT (“**Agreement**”) is entered into this ____ day of _____, 2011 (“**Effective Date**”) by and between **JOSHUA BASIN WATER DISTRICT**, a public agency of the State of California (“**JBWD**”) and **HI DESERT MEDICAL CENTER**, a public agency of the State of California (“**HDMC**”). JBWD and HDMC are referred to in this Agreement collectively as the “**Parties**” and each individually as a “**Party**.”

RECITALS

A. HDMC owns and operates a general acute care hospital in Joshua Tree, California, and is the owner of certain real property located in the County of San Bernardino, State of California, legally described on Exhibit A attached hereto and by this reference incorporated herein (“**HDMC Property**”).

B. JBWD is a public agency of the State of California and operates in the County of San Bernardino, State of California.

C. HDMC desires to expand its present infrastructure, and JBWD desires to expand its capacity to provide water treatment and other services to HDMC.

D. HDMC desires to enter into an agreement for JBWD to construct and operate, principally for HDMC's benefit, a waste water treatment plant (“**Project**”). The Project shall be constructed in two (2) phases. The first phase of the Project (“**Phase 1 of the Project**”) shall consist of the expansion of certain existing building(s) and constructing new building(s) on the HDMC Property. Phase 1 of the Project shall consist of approximately **Twenty-Three Thousand Five Hundred** (23,500) square feet of improvements on the HDMC Property. Phase 1 of the Project is generally depicted on Exhibit B attached hereto and by this reference incorporated herein. The second phase of the Project (“**Phase 2 of the Project**”) shall consist of approximately **One Hundred Thousand** (100,000) square feet of improvements on the HDMC Property. HDMC has not decided, as of the date hereof, the exact improvements which will consist of Phase 2 of the Project.

E. HDMC desires that JBWD provide sanitary sewer service to the HDMC Property and JBWD is willing to provide such sanitary sewer service to such property by the construction of a waste water package treatment plant and appurtenances thereto ("**Package Plant**") on the terms and subject to the conditions set forth in this Agreement.

F. In or about 2009 JBWD adopted a waste water treatment strategy ("**Strategy**"). The Strategy, in part, provided for the potential design, land acquisition and construction of a centralized waste water treatment plant, trunk sanitation system and appurtenances for the collection and treatment of sewage and industrial wastes of a liquid nature (collectively, "**Treatment Plant**"). In the event the Treatment Plant is constructed, the Parties anticipate that the Package Plant will be abandoned and the Project will be connected to the Treatment Plant in accordance with the rules, regulations, ordinances, policies and procedures developed by JBWD.

G. San Bernardino County approved the Mitigated Negative Declaration concerning the Project on December 16, 2008 ("**Negative Declaration**").

H. JBWD approved the Project on April 13, 2010.

I. The Parties desire to enter into this Agreement to set forth certain commitments and agreements of the Parties with respect to (i) the design, construction, ownership and financial contributions of the Parties concerning the Package Plant and (ii) the provision of sanitary sewer service to the Project.

J. This Agreement is consistent with the Negative Declaration and there have been no changes in the Project that would warrant any supplemental environmental analysis.

IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS SET FORTH IN THIS AGREEMENT, AND UPON THE CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. The facilities to be constructed as part of the Package Plant with respect to Phase 1 of the Project are generally described on Exhibit C attached hereto and by this reference incorporated herein (collectively, "**Phase 1 Improvements**"). It is contemplated that the Phase 1 Improvements shall allow JBWD to process approximately **fifty-two thousand** (52,000) gallons per day ("**gpd**") average daily flow and **seventy-three thousand** (73,000) gpd maximum daily flow. This Agreement recognizes the capacity limit of the Package Plant with the Phase I Improvements is projected to be up to **seventy-three thousand** (73,000) gpd, which is the projected maximum waste water need of HDMC with respect to Phase 1 of the Project. Should these capacity needs change, HDMC shall timely notify JBWD and the Parties will subsequently negotiate appropriate modifications to this Agreement. At the time HDMC determines to construct Phase 2 of the Project, JBWD shall determine the facilities which are necessary to serve Phase 2 of the Project ("**Phase 2 Improvements**"), provided that JBWD shall meet and confer with HDMC as to what constitutes the Phase 2 Improvements. [In the event the Parties are unable to agree, after meeting and conferring, with respect to what constitutes the Phase 2 Improvements, either; (a) the Phase 2 Improvements shall not be constructed and the provisions herein concerning the design, construction, operation and maintenance and ownership of the Phase 2 Improvements shall be null and void; or (b) HDMC shall elect, in writing, to design and

construct such Phase 2 Improvements as HDMC shall desire; provided that the conditions of Section 12 are satisfied. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, the Phase 2 Improvements shall not be constructed and the provisions herein concerning the design, construction, operation, maintenance and ownership of the Phase 2 Improvements shall be null and void.] It is anticipated that the Phase 2 Improvements shall allow JBWD to process approximately **one hundred four thousand** (104,000) gpd average daily flow and **one hundred forty-six thousand** (146,000) gpd maximum daily flow, if JBWD constructs the Phase 2 Improvements pursuant to the terms hereof. This Agreement recognizes the capacity limits of the Package Plant as expanded is projected to be up to **one-hundred forty-six thousand** (146,000) gpd, which is the projected maximum waste water needs of HDMC with respect to Phase 2 of the Project. Should these capacity needs change, HDMC shall timely notify JBWD and the Parties will subsequently negotiate appropriate modifications to this Agreement. The Phase 1 Improvements and the Phase 2 Improvements (if constructed) shall sometimes be collectively referred to herein as the "**Improvements.**"

2. (a) HDMC shall, at HDMC's sole cost and expense, be responsible for compliance with the California Environmental Quality Act ("**CEQA**") and all other applicable state and federal environmental laws and all requirements of the Federal Endangered Species Act and the California Endangered Species Act arising out of or in connection with the design and construction of the Improvements and for compliance with all conditions and mitigation measures which must be satisfied in connection with the same. HDMC represents to JBWD that HDMC may, pursuant to federal, state and local law, act as lead agency for the purpose of complying with CEQA. Pursuant to the foregoing representation, HDMC shall act as lead agency for the purpose of complying with CEQA. As part of its obligation to fund the CEQA process, HDMC shall prepare or cause to be prepared all supplemental environmental instruments, documents, reports and other like or kind writings required to be prepared and/or filed by CEQA.

(b) HDMC shall, upon request by JBWD, and at no cost to JBWD, furnish JBWD with such information as HDMC possesses or has available to it from any consultants, engineers, contractors or other persons engaged by or under the control of HDMC relating to the environmental assessment relative to the creation of the Improvements. In this regard, nothing herein contained shall be construed or interpreted to require JBWD to take or participate in any legal action pertaining to compliance with CEQA and/or other state and federal environmental laws and requirements.

3. (a)(i) Subject to the following, HDMC shall fund the cost of the design and construction of the Improvements including any related costs and expenses arising out of or in connection with the same. JBWD will obtain bids for the construction of the Improvements. Upon the opening of the bids, JBWD shall provide HDMC with copies of such bids. HDMC shall, within [time period], have the option to (A) approve the bids; provided that HDMC understands and acknowledges that the board of directors of JBWD ("**Board**") may select the lowest responsible bidder as determined by such Board or reject all bids, or (B) take over the construction of the Improvements; provided that the conditions of Section 12 are satisfied. In the event HDMC elects to take over the Project, HDMC may deduct from the deposits made pursuant to Subsections 3.(b) or 3.(c), whichever is applicable, such amount as JBWD considers

sufficient to pay for the costs and expenses paid or incurred by JBWD prior to HDMC's election. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, this Agreement shall terminate if such occurs with respect to the Phase 1 Improvements and HDMC shall pay all costs and expenses that District paid or incurred prior to the deemed termination of this Agreement; provided that if the issue is with the Phase 2 Improvements and the Phase 1 Improvements have been constructed and are then being operated by JBWD, this Agreement shall only terminate as to the Phase 2 Improvements. In the event HDMC approves the bids and JBWD awards the construction contact for the Improvements, JBWD will use commercially reasonable efforts to minimize additional Improvement costs. However, the Parties recognize and agree that additional costs may be warranted for a variety of reasons, including, but not limited to, unforeseen circumstances or need for work not contemplated by the Phase 1 Plans or Phase 2 Plans, as the case may be, as those terms are defined in Section 5. JBWD shall be authorized to pay such costs. Such costs shall be paid by HDMC in accordance with this Agreement. .

(ii) HDMC may demand an accounting as to the status of the account of all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

(b) HDMC shall deposit with JBWD within **thirty** (30) days after the Effective Date, the sum of **Two Hundred Thousand Dollars** (\$200,000.00) ("**Phase 1 Deposit**"). The Phase 1 Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the creation of the Phase 1 Improvements, except construction costs, which shall be handled pursuant to Section 7, including, but not limited to, the costs of the plans and specifications, Entitlements (as that term is defined in Section 4), advertising and bidding of the construction of the Phase 1 Improvements (including preparation of the bid documents) and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Phase 1 Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Phase 1 Deposit separate from its general funds and HDMC shall not be entitled to interest on the Phase 1 Deposit. If there are any funds left in the Phase 1 Deposit after the Phase 1 Improvements are completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within **ten** (10) days after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

(c) Within a period of time as mutually agreed after HDMC notifies JBWD of its election to construct the Phase 2 Improvements, HDMC shall deposit with JBWD such sum as shall be reasonably determined by JBWD ("**Phase 2 Deposit**"). The Phase 2 Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the creation of the Phase 2 Improvements, except construction costs, which shall be handled pursuant to Section 7, including, but not limited to, the costs of the plans and specifications, Entitlements, advertising and bidding of the construction of the Phase 2 Improvements (including preparation of the bid documents) and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Phase 2 Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Phase 2 Deposit

separate from its general funds and HDMC shall not be entitled to interest on the Phase 2 Deposit. If there are any funds left in the Phase 2 Deposit after the Phase 2 Improvements are completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within **ten** (10) days after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

4. On or after receipt of the Phase 1 Deposit or Phase 2 Deposit, as the case may be, JBWD shall, at HDMC's sole cost and expense, use commercially reasonable efforts to obtain or cause to be obtained through consultants and/or third parties, all consents, approvals, permits, authority, licenses or entitlements ("**Entitlements**") as shall be required for the design, construction, operation and maintenance of the Improvements with respect to the appropriate phase, including Entitlements from the County of San Bernardino and the California Regional Water Quality Control Board, Colorado River Basin Region. Nothing herein shall be construed as a guaranty that JBWD shall obtain such Entitlements. HDMC agrees to cooperate, in all respects with JBWD, or such other individuals or entities designated by JBWD, in connection with the obtaining of the Entitlements including, without limitation, attending meetings, testifying in public hearings and the execution of all applications, petitions and documents reasonably necessary in the Entitlement process.

5. (a) On or after the receipt of the Phase 1 Deposit, JBWD shall employ, or cause to be employed, at HDMC's cost and expense, Dudek Engineering, in coordination with the existing Agreement between HDMC and Dudek Engineering ("**Engineer**") to plan, design and prepare detailed construction plans, drawings and specifications for the Phase 1 Improvements ("**Phase 1 Plans**"). JBWD shall submit the Phase 1 Plans to HDMC for review and comment. HDMC shall have **sixty** (60) business days after receipt of the Phase 1 Plans to comment thereon. Failure of HDMC to comment within such **sixty** (60) business-day period shall be deemed a waiver by HDMC of the right to do so. In the event that HDMC does comment within the **sixty** (60) business-day period, JBWD shall, in good faith, consider such comments, but shall not be required to amend the Phase 1 Plans in accordance therewith. HDMC shall cooperate with the Engineer with respect to the preparation of the Phase 1 Plans.

(b) On or after the receipt of the Phase 2 Deposit, JBWD shall employ, or cause to be employed, at HDMC's cost and expense, a qualified professional engineering firm to plan, design and prepare detailed construction plans, drawings and specifications for the Phase 2 Improvements ("**Phase 2 Plans**"). JBWD shall submit the Phase 2 Plans to HDMC for review and comment. HDMC shall have such time as the Parties shall agree, to review and comment on the Phase 2 Plans. HDMC shall cooperate with the engineering firm with respect to the preparation of the Phase 2 Plans.

6. Upon the Effective Date, HDMC shall execute, cause to be executed and delivered the easement attached hereto as Exhibit D and by this reference incorporated herein ("**Easement**"). The Easement provides for the construction, operation and maintenance of the Improvements on that portion of the HDMC Property described therein ("**Easement Area**") together with the reasonable right of access to and from said Easement for purposes of exercising the rights granted therein. In connection therewith, HDMC hereby irrevocably grants to JBWD

and its agent, contractors, employees, representatives and consultants the right to enter on the Easement Area to investigate matters which pertain to the design and construction of the Improvements, including, without limitation, soil and surface conditions and to conduct environmental studies, engineering studies, land use and such other investigations as JBWD, in its reasonable discretion, may desire.

7. (a)(i) Upon completion of the Phase 1 Plans and satisfaction of the CEQA requirements by HDMC, JBWD shall, at HDMC's sole cost and expense, advertise and bid the construction of the Phase 1 Improvements. The Parties recognize, acknowledge and agree that the construction and installation of the Phase 1 Improvements is a public works project. As such, it is the intent of JBWD to comply with the provisions of the California Labor Code, Government Code and Public Contract Code, including, without limitation, prevailing wage requirements. Subject to the provisions of California law relating to public works projects applicable to JBWD, and subject to HDMC's rights under Section 3.(a)(i), JBWD shall award the work to the lowest responsible bidder ("**Phase 1 Contractor**"). The Parties agree that JBWD shall be the awarding body without the approval or consent from HDMC, except as provided in Section 3.(a)(i). Subject to HDMC's rights under Section 3.(a)(i), JBWD shall negotiate and enter into all contracts and Agreements with the Phase 1 Contractor with respect to the construction of the Phase 1 Improvements. Subject to HDMC's rights under Section 3.(a)(i), HDMC shall fund the cost of the design and construction of the Phase 1 Improvements and any related costs and expense arising out of or in connection with the same. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

(ii) The Phase 1 Contractor shall install the Phase 1 Improvements in substantial accordance with the Phase 1 Plans. HDMC understands and acknowledges that change orders for the construction of the Phase 1 Improvements may be warranted due to a variety of reasons, including, but not limited to, unforeseen circumstances or the need for construction of additional or changed improvements not contemplated by the Phase 1 Plans. In the event of a change order which increases the cost of the installation of the Phase 1 Improvements, JBWD shall submit the change order to HDMC for approval or disapproval. HDMC shall have five (5) business days from receipt of a request of a change order to approve or disapprove, in writing, of the same. Failure to disapprove of a change order, in writing, within the five (5) business day period shall be deemed approval thereof by HDMC. In the event HDMC disapproves, in writing, a change order within the five (5) business day period, the Parties shall meet and confer over a five (5) business day period after the disapproval to resolve the change order. In the event the Parties are unable to resolve the change order within such five (5) business day period, this Agreement shall terminate; provided that if the issue is with the Phase 2 Improvements and the Phase 1 Improvements have been constructed and are then being operated by JBWD, this Agreement shall only terminate as to the Phase 2 Improvements. JBWD shall pay from the Phase 1 Construction Deposit (as that term is defined below) all amounts owed or accrued with respect to the construction of the Phase 1 Improvements including, but not limited to, any amount required to be paid as a result of the early termination of the construction contract. After payment of such amount, JBWD shall return to HDMC all funds remaining in the Phase 1 Construction Deposit less Ten Percent (10%) of the unexpended funds which may be held for an additional period of ninety (90) days for work owed or accrued with respect to the construction of the Phase 1 Improvements. In the event there are costs that are incurred as a

result of the foregoing process of approving a change order, HDMC shall bear those costs and JBWD is hereby authorized to deduct such amount from the Phase 1 Construction Deposit. The Parties acknowledge and agree that the construction of the Improvements is for the benefit of the HDMC Property and JBWD is not required to expend any funds of the JBWD to create the Improvements including design and construction of the same.

(iii) JBWD may, but is not required, to retain the services of a project manager(s) as a cost of the installation of the Phase 1 Improvements paid by HDMC, to (A) oversee the furnishing and installation of the Phase 1 Improvements; and (B) inspect the installation of the Phase 1 Improvements.

(iv) HDMC shall pay the costs for installation of the Phase 1 Improvements as more particularly provided in this Subsection 7.(a). HDMC shall deposit with JBWD an amount equal to all estimated construction costs including the bid to be awarded, the cost of construction management, plus a **ten percent (10%)** contingency ("**Phase 1 Construction Deposit**") within _____ (____) days after written notice from JBWD of an intent to accept the bid referred to in Subsection (a) above. The Phase 1 Construction Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the construction of the Phase 1 Improvements and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Phase 1 Construction Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Phase 1 Construction Deposit separate from its general funds and HDMC shall not be entitled to interest on the Phase 1 Construction Deposit. If there are any funds left in the Phase 1 Construction Deposit after the Phase 1 Improvements are completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within thirty (30) days after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

(v) From time to time JBWD shall submit progress reports to HDMC with respect to the installation of the Phase 1 Improvements. JBWD shall provide HDMC at least semi-annual construction progress reports signed by the project/construction manager or the district engineer.

(vi) HDMC shall cooperate with JBWD, the Phase 1 Contractor and any consultants and representatives of JBWD in the construction of the Phase 1 Improvements. JBWD or the Phase 1 Contractor shall provide HDMC with prior written notice of such date the Phase 1 Contractor shall initiate construction of the Phase 1 Improvements on the Easement Area.

(vii) Upon completion of the construction and installation of the Phase 1 Improvements, JBWD shall give HDMC notice of the same and require the Phase 1 Contractor to file a notice of completion for recording in the Office of the County Recorder. Upon completion of the Phase 1 Improvements, the facilities constructed as part of the Phase 1 Improvements shall be owned by the JBWD. Upon the request of JBWD, HDMC shall execute and deliver to JBWD a bill of sale in such form and content as shall be reasonably determined by

the Parties. The Parties further agree that all personal property associated with the Phase 1 Improvements shall also become the sole property of the JBWD, including, without limitation, all Entitlements, Phase 1 Plans, operating manuals, surveys and as-built drawings associated with the construction of the Phase 1 Improvements. Subject to the terms of Section 10, JBWD shall thereafter repair, replace and maintain the Phase 1 Improvements. Once the Phase 1 plant is completed and transferred to JBWD the operation/maintenance and compliance costs will be periodically billed to HDMC. If other dischargers become additionally serviced by the Package Plant, such expenses shall be proportionately billed to those additional parties.

(b) The provisions of Section 7.(a)(i) through 7.(a)(vii) shall apply to the advertising, bidding and construction of the Phase 2 Improvements; provided that the deposit of funds by HDMC to construct the Phase 2 Improvements shall be in an amount reasonably determined by the JBWD.

8. (a) Upon completion and acceptance of the Phase 1 Improvements and compliance by HDMC with the terms of this Agreement and including, but not limited to, the payment of fees and charges, the JBWD shall provide or cause to be provided, sanitary sewer service to Phase 1 of the Project, subject to circumstances within the control of JBWD or consistent with the JBWD's rules, regulations, policies and procedures as may be amended from time to time; provided that HDMC has not elected to take over the Project and satisfied the obligations set forth in Section 12 JBWD agrees that it shall take all commercially reasonable steps to assure that the Package Plant shall meet all requirements of the California Regional Water Quality Control Board (Colorado River Basin Region) and that such plants shall be operated in such commercially reasonable fashion to appropriately handle the waste water of HDMC in compliance with waste discharge requirements, and all other applicable requirements.

(b) Upon completion and acceptance of the Phase 2 Improvements and compliance by HDMC with the terms of this Agreement and including, but not limited to, the payment of fees and charges, the JBWD shall provide or cause to be provided, sanitary sewer service to Phase 2 of the Project subject to circumstances within the control of JBWD or as otherwise provided by the JBWD's rules, regulations, policies and procedures as may be amended from time to time; provided that HDMC has not elected to take over the Project and satisfied the obligations set forth in Section 12. JBWD agrees that they shall take all commercially reasonable steps to assure that the Package Plant shall meet all requirements of the California Regional Water Quality Control Board (Colorado River Basin Region) and that such plants shall be operated in such commercially reasonable fashion to appropriately handle the waste water of HDMC in compliance with waste discharge requirements, and all other applicable requirements.

(c) After acceptance of the Phase 1 Improvements and/or the Phase 2 Improvements and subject to the provisions of Section 1, JBWD may determine, in its reasonable discretion, that capacity exists in the Package Plant to provide sanitation service to other real property ("**Off Site Property**"), in addition to that portion of the Project to be served by the Package Plant. The Parties hereby agree that JBWD shall have the absolute right to provide sanitation service to such Off Site Property from the Package Plant on such terms and conditions as the JBWD shall agree with such Off Site Property owners ("**Off Site Owner(s)**") provided that such Off Site Owners pay the prorata portion of all the costs and expenses incurred by

HDMC in the design and installation of the appropriate Improvements. Thus, for example, (i) if the total cost of the Phase 1 Improvements which was paid by HDMC is One Million Five Hundred Thousand Dollars (\$1,500,000.00); (ii) HDMC uses on average seventy-five percent (75 %) of the capacity of the Package Plant attributable to the Phase 1 Improvements; (iii) an Off Site Owner is calculated to use on average five percent (5 %) of the capacity of the Package Plant attributable to the Phase 1 Improvements, then as a condition to sanitation service from the Package Plant, the Off Site Owner shall pay to JBWD the sum of Seventy-Five Thousand Dollars (\$75,000.00) ($\$1,500,000.00 \times 5\%$) of the capacity fee. JBWD shall remit such amount to HDMC within a reasonable amount of time after JBWD receives such amount from the Off Site Owner.

9. (a)(i) Prior to any sanitary service to Phase 1 of the Project, HDMC shall pay to JBWD, a capacity fee equal to Five Thousand Two Hundred Seventy Dollars (\$5,270.00) times the number of equivalent dwelling units ("**EDU**") generated by Phase 1 of the Project as reasonably determined by the JBWD based on the average flow of two hundred twenty (220) gallons per day per EDU. EDU's for Phase I are estimated at **two hundred thirty six and six/tenths** (236.6) with the capacity fee estimated at One Million Two Hundred Forty-Five Thousand Six Hundred Thirty-Six and 36/100 Dollars (\$1,245,636.36). Notwithstanding the foregoing, HDMC shall be exempted from payment of the first twenty-four (24) EDUs (e.g., One Hundred Twenty-Six Thousand Four Hundred Eighty Dollars (\$126,480.00) so that the total due shall be One Million One Hundred Nineteen Thousand One Hundred Fifty-Six and 36/100 Dollars (\$1,119,156.36). In lieu of depositing the full amount of the capacity fee prior to any sanitary service to Phase 1 of the Project, HDMC may elect to enter into an agreement in such form and content attached hereto as Exhibit E and by this reference incorporated herein ("**Payment Agreement**"), with HDMC to make annual principal installments over a period of fifteen (15) years with additional annual interest payments based on the annual interest earned by other JBWD funds that could have been available for investment of the capacity fees. HDMC must affirmatively elect, in writing, to enter into the Payment Agreement within thirty (30) days of the Effective Date; and if so elected, to execute and deliver the Payment Agreement to JBWD within thirty (30) days of the Effective Date. Failure to timely satisfy the foregoing conditions shall be deemed an election to pay the full amount of the capacity fee prior to any sanitary service to Phase 1 of the Project.

(ii) Pay to JBWD such rates and charges related to sanitation service to Phase 1 of the Project in accordance with the rules, regulations, ordinances, policies and procedures developed by JBWD. In the event HDMC disputes any rates and charges, or proposed rates and charges, related to sanitation service to Phase 1 of the Project, HDMC shall (A) waive such objections, or (B) elect to take over operation, maintenance and ownership of Phase 1 of the Project; provided that the conditions of Section 12 are satisfied. In the event HDMC disputes any rates and charges, HDMC shall have [number of days] to elect Subsection (A) or Subsection (B) above, in writing. Failure to make any such election, in writing, within such [time period] shall be deemed an election of Subsection (A) above. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, HDMC shall be deemed to have elected Subsection (A). During the time that HDMC is attempting to satisfy the conditions set forth in Section 12, JBWD may charge the rates and charges it proposes.

(b) (i) Prior to any sanitary service to Phase 2 of the Project, HDMC shall pay to JBWD, the capacity fee in effect at the time of payment, times the number of EDUs generated by Phase 2 of the Project as reasonably determined by the JBWD based on the average flow of **two hundred twenty** (220) gallons per day per EDU.

(ii) Pay to the JBWD such rates and charges related to sanitation service to Phase 2 of the Project in accordance with the rules, regulations, ordinances, policies and procedures developed by the JBWD. Any dispute regarding rates and charges related to sanitation service to Phase 1 of the Project must be negotiated by JBWD and HDMC and HDMC shall (A) waive such objections, or (B) elect to take over operation, maintenance and ownership of Phase 1 of the Project; provided that the conditions of Section 12 are satisfied. In the event HDMC disputes any rates and charges, HDMC shall have [number of days] to elect Subsection (A) or Subsection (B) above, in writing. Failure to make any such election, in writing, within such [time period] shall be deemed an election of Subsection (A) above. In the event HDMC cannot satisfy the conditions set forth in Section 12 within the time frames set forth therein, HDMC shall be deemed to have elected Subsection (A). During the time that HDMC is attempting to satisfy the conditions set forth in Section 12, JBWD may charge the rates and charges it proposes.

10. (a) (i) HDMC acknowledges that the Package Plant has a useful life of approximately fifteen (15) years. Notwithstanding anything contained in this Agreement, HDMC shall be required to pay for the replacement of the Package Plant, if HDMC is the sole user of the Package Plant, or a prorata portion of the replacement of the Package Plant if there are other users pursuant to Section 8.(c).

(ii) HDMC hereby agrees to pay for the replacement of the portion of the Package Plant attributable to the Phase 1 Improvements (or HDMC's prorata share of such) either pursuant to this subsection or subsection 10.(d) below. On or before one (1) year after the acceptance of the Phase 1 Improvements, JBWD will estimate the cost of the replacement of the Package Plant which is attributable to the Phase 1 Improvements, which includes a ten percent (10 %) contingency amount ("**Replacement Cost**"). The Parties agree that interest on the Replacement Cost shall accrue at the rate equal to the annual increase in the Engineering News-Record Construction Cost Index (ENR-CCI 20 Cities). JBWD shall give HDMC written notice of the Replacement Cost, and HDMC's portion thereof ("**HDMC's Share**"), which HDMC Share shall be amortized over **fifteen** (15) **years**. HDMC shall have the right for a period of **six** (6) months after receipt of the amount of the replacement costs from JBWD to either (A) pay the replacement costs as hereinafter provided; or (B) pay the replacement costs pursuant to subsection 10.(d) below. In the event HDMC elects Subsection (A), the first payment shall be due and payable to JBWD **two** (2) **years** after the acceptance of the Phase 1 Improvements and continuing every year thereafter until the HDMC Share and interest thereon are paid in full. The HDMC Share may be prepaid at any time without penalty.

(iii) HDMC hereby agrees to pay for the replacement of the portion of the Package Plant attributable to the Phase 2 Improvements (or HDMC's prorata share of such) either pursuant to this subsection or subsection 10.(d) below. On or before one (1) year after the acceptance of the Phase 2 Improvements, JBWD will estimate the Replacement Cost of the replacement of the Package Plant attributable to the Phase 2 Improvement. The Parties agree

that interest on the Replacement Cost shall accrue at the rate equal to the annual increase in the Engineering News-Record Construction Cost Index (ENR-CCI 20 Cities). JBWD shall give HDMC written notice of HDMC's Share of the Replacement Cost attributable to the Phase 2 Improvements, which HDMC Share shall be amortized over **thirteen (13) years**. HDMC shall have the right for a period of **six (6) months** after receipt of the amount of the replacement costs from JBWD to either (A) pay the replacement costs as hereinafter provided; or (B) pay the replacement costs pursuant to subsection 10.(d) below. In the event HDMC elects Subsection (A) the first payment shall be due and payable to JBWD **two (2) years** after the acceptance of the Phase 2 Improvements and continuing every year thereafter until the HDMC Share and interest thereon are paid in full. The HDMC Share may be prepaid at any time without penalty.

(b) HDMC shall be responsible for any subsequent replacement costs and elections at **fifteen (15) year** intervals on the same terms and conditions as set forth in Section 10(a)(ii) in the event that HDMC is not connected to the Treatment Plant.

(c) At the time that HDMC is connected to the Treatment Plant and all expenses paid, there shall be a project accounting prepared and any funds remaining in the "replacement fund" shall be applied to costs to connect HDMC to the Treatment Plant. Any funds remaining after payment for the costs to connect HDMC to the Treatment Plant shall be returned to HDMC.

(d) In lieu of making annual payments toward the replacement of any phase noted in Sections 10(a)(ii), 10(a)(iii) or 10(b) above, HDMC may elect to defer all payments for the replacement of the Package Plant until JBWD determines, in its sole and absolute discretion, that the Package Plant needs to be replaced. HDMC shall provide the replacement amount to JBWD within _____ (___) days after receipt of written notice from JBWD. HDMC shall have the right for a period of **six (6) months** after receipt of the amount of the replacement costs from JBWD to either (A) pay the replacement costs as hereinafter provided; or (B) take over the ownership of the Project Plant, provided the conditions of Section 12 are satisfied. Failure to make such election, in writing, within the **six (6) month** period shall be deemed an election of Subsection (A). In the event HDMC cannot satisfy the conditions set forth therein, HDMC shall be deemed to have elected Subsection (A). In the event HDMC elects Subsection (A) or Subsection (A) is deemed elected, whether making annual payments for the cost of replacement or paying at the time that the replacement is needed, HDMC shall be responsible for the cost of full replacement or any portion thereof, when needed, including, but not limited to, replacement due to failure of the system and/or failure to comply with the regulatory discharge requirements of JBWD and/or the California Regional Water Quality Control Board, Colorado River Basin Region.

11. Upon the completion of the Treatment Plant and the hook-up of the HDMC Property and other properties serviced by the Package Plant thereto in accordance with the rules, regulations ordinances, policies and procedures developed by the JBWD, HDMC shall give JBWD written notice of HDMC's election to: (a) retain the Package Plant; or (b) require JBWD to remove, at HDMC's sole cost and expense, the Package Plant from the HDMC Property. In the event HDMC does not elect in writing, to require JBWD to remove the Package Plant from the HDMC Property within **one hundred twenty (120) days** after receipt of the written notice, then HDMC will be deemed to have elected to retain the Package Plant. In the event HDMC

elects or is deemed to have elected to retain the Package Plant on the HDMC Property, JBWD shall deliver to HDMC, a bill of sale for the Package Plant in the same form and content as required pursuant to Section 7.(a)(vii). The Package Plant shall be transferred to HDMC free of all liens and encumbrances. In the event HDMC elects to cause JBWD to remove the Package Plant from the HDMC Property, HDMC shall deposit with JBWD a sum reasonably determined by the JBWD ("**Removal Deposit**") within **sixty** (60) days after written notice from JBWD. The Removal Deposit shall be held by JBWD for all costs and expenses of JBWD with respect to the removal of the Package Plant from the HDMC Property and any other matter related to or arising out of the same. HDMC hereby authorizes JBWD to use, apply or retain all or any other part of the Removal Deposit to offset its costs and expenses related to the foregoing. JBWD shall not be required to keep the Removal Deposit separate from its general funds and HDMC shall not be entitled to interest on the Removal Deposit. If there are any funds left in the Removal Deposit after the removal of the Package Plant from the HDMC Property is completed and accepted, such excess shall be returned to HDMC. If further funds are necessary, HDMC shall, within **thirty** (30) days after written demand therefor, deposit cash with JBWD in an amount which JBWD considers sufficient to pay for the costs and expenses to be incurred hereunder. Upon the complete removal of the Package Plant, JBWD shall quitclaim to the owner of the HDMC Property, all of JBWD's rights, title and interest in and to the Easement. HDMC may demand an accounting as to the status of the account and all deposits and expenditures at any time, and JBWD shall provide such accounting in a reasonable time.

12. The following shall be conditions precedent to HDMC's election pursuant to Sections [1, 8(a), 8(b), 9(a), 9(b), 10(a) and 10(d) ("Option Sections"]:

(a) HDMC shall take title to the Package Plant as is, where is, with all faults.

(b) HDMC shall have obtained all entitlements to own and operate the Package Plant from all governmental agencies having jurisdiction thereof, including entitlements from the County of San Bernardino and the California Regional Water Quality Board, Colorado River Basin Region.

(c) The written consent of any off site owners using or contractually entitled to use the Package Plant.

The conditions set forth in this Section must be satisfied on or before [time period] after HDMC has made an election pursuant to the Option Sections.

13. (a) All notices or other communications between the JBWD and HDMC required or permitted hereunder shall be in writing and personally delivered or sent by certified mail, return receipt requested and prepaid, or sent by reputable overnight courier (such as Federal Express, UPS or DHL), or transmitted by electronic facsimile transmission (with electronic confirmation of receipt) to the following addresses:

JBWD: Joshua Basin Water District
P O Box 675
61750 Chollita Road
Joshua Tree CA 92252
Attn: _____
Telephone: 760-366-8438
Facsimile: 760-366-9528

HDMC: Hi Desert Medical Center
6601 White Feather Road
Joshua Tree, CA 92252
Attn: Dan McClure, Chief Information Officer
Telephone: 760-366-6137
Facsimile: 760-366-6240

COPY TO: Cathy Deubel Salenko
Best Best & Krieger LLP
400 Capitol Mall, Suite 1650
Sacramento, CA 95814
Telephone: 916-325-4000
Facsimile: 916-325-4010

A notice shall be effective on the date of personal delivery if personally delivered before 5:00 p.m., otherwise on the day following personal delivery, or on the date of receipt, if transmitted by electronic facsimile transmission (with electronic confirmation of receipt) prior to 5:00 p.m. or otherwise on the next day, provided receipt of such transmission shall be confirmed by follow-up notice within **seventy-two** (72) hours by another method authorized above, or **two** (2) business days following the date the notice is postmarked, if mailed, or on the day following delivery to the applicable overnight courier, if sent by overnight courier. Any Party may change the address to which notices are to be given to it by giving notice of such change of address in the manner set forth above for giving notice.

(b) Time is of the essence of this Agreement and each and every term and provision hereof.

(c) This Agreement shall be construed as if prepared by all of the Parties. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it is not applicable and is waived. This Agreement shall be construed, interpreted and governed by the laws of the State of California and the laws of the United States of America prevailing in California.

(d) If any provision of this Agreement shall be ruled invalid, illegal or unenforceable, the parties shall: (i) promptly negotiate a substitute for the provision which shall, to the greatest extent legally permissible, effect the intent of the parties in the invalid, illegal or unenforceable provision, and (ii) negotiate such changes in, substitutions for or additions to the remaining provisions of this Agreement as may be necessary in addition to and in conjunction

with Subsection (i) above to give effect to the intent of the parties without the invalid, illegal or unenforceable provision. To the extent the parties are unable to negotiate such changes, substitutions or additions as set forth in the preceding sentence, and the intent of the parties with respect to the essential terms of the Agreement may be carried out without the invalid, illegal or unenforceable provision, the balance of this Agreement shall not be affected, and this Agreement shall be construed and enforced as if the invalid, illegal or unenforceable provision did not exist.

(e) The terms and provisions set forth in this Agreement shall be deemed provisions, terms and/or covenants running with the HDMC Property in accordance with applicable law, including, without limitation, Section 1468 of the California Civil Code and shall pass to and be binding upon the successor owners of the HDMC Property. As such, all successor owners of the HDMC Property will have any of the rights, responsibility and liabilities of HDMC as if such person or entity originally executed this Agreement in place and stead of HDMC. Each and every contract, deed or other instrument hereafter executed covering or conveying the HDMC Property, or any portion thereof, shall conclusively be held to have been executed, delivered and accepted subject to such terms and conditions regardless of whether such terms and conditions are set forth in such contract, deed or other instrument. No transfer of the HDMC Property shall relieve HDMC of any responsibility or liability under this Agreement.

(f) Unless specifically stated to the contrary, all references to days herein shall be deemed to refer to business days. In the event that the final date for payment of any amount or performance of any act hereunder falls on a Saturday, Sunday or holiday, such payment may be made or act performed on the next succeeding business day.

(g) In the event of any legal action to interpret this Agreement or enforce the rights or remedies of any Party to this Agreement, the prevailing Party in such legal action shall be entitled to recover its costs and expenses (including attorneys' fees) of such action.

(h) Except as otherwise provided in Section 7(a)(ii), the Parties agree that any action or proceeding to enforce or relating to this Agreement shall be brought exclusively in the state courts located in San Bernardino County, California or the federal court located in Riverside County, California, and the Parties hereto consent to the exercise of personal jurisdiction over them by any such courts for purposes of any such action or proceeding.

(i) In the event any undisputed amount due to JBWD hereunder is not paid when due, HDMC shall pay to JBWD an additional five percent (5%) for each payment due as an administrative processing charge provided that any cost in excess of Five Hundred Dollars (\$500.00) shall be documented and itemized. The Parties agree that this late charge represents a fair and reasonable estimate of the costs the JBWD will incur by reason of such late payment to JBWD. Any payment not paid when due shall bear interest at the highest of the following rates: 1) The rate of interest that JBWD earns during the period of delinquency, from the Local Agency Investment Fund or other investment of One Million Dollars (\$1,000,000) whichever is greater; 2) If the payment is for a contract, HDMC will reimburse JBWD at the rate that JBWD would owe the Contractor for the delinquent payment; 3) If the payment is for a capacity fee or other construction fund, the rate of interest represented by the change in the Engineering New-Record Construction Cost Index (ENR-CCI 20 Cities) (provided such amount shall not exceed the maximum rate allowed under California law); from the date due until paid in full.

(j) This Agreement, together with any other written agreements referred to herein, is intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof, and is intended as the complete and exclusive statement of the terms of the agreement between the Parties. As such, this Agreement supersedes any prior understandings between the Parties, whether oral or written. Any amendments to this Agreement shall be in writing and shall be signed by all Parties hereto.

(k) No delay on the part of any Party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

(l) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute but one instrument.

(m) Each individual executing this Agreement hereby represents and warrants that he or she has the full power and authority to execute this Agreement on behalf of the named Parties.

(n) HDMC shall have a period of one hundred twenty (120) days after the Effective Date to cause any monetary liens and encumbrances recorded against the HDMC Property to be subordinated to the lien of this Agreement.

14. Dispute Resolution

Should any dispute arise between the parties relative to construction, deposits, operations, transfer or any other provision of the Agreement, the complaining/initiating party shall timely provide notice to the other party/parties.

Within **thirty** (30) days after receipt of such notice, the parties shall meet and confer over the dispute.

If the parties do not reach agreement, the dispute shall be transferred to the American Arbitration Association and resolved in accordance to their rules of commercial arbitration as more fully referenced in Section 7(a)(ii).

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

"JBWD"
JOSHUA BASIN WATER DISTRICT, a
public agency of the State of California

"HDMC"
HI DESERT MEDICAL CENTER, a
public agency of the State of California

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT LIST

Exhibit A	Legal Description of the HDMC Property
Exhibit B	Depiction of Project
Exhibit C	Description of Package Plant Facilities
Exhibit D	Easement
Exhibit E	Payment Agreement